EXAMINING THE CURRENT AND FUTURE DEMANDS ON THE FEDERAL TRANSIT ADMINISTRATION'S CAPITAL INVESTMENT GRANTS

(113–45)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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TRANSPORT

T&I COMMITTEE

CHAIRMAN BILL SHUSTER
113TH CONGRESS

December 6, 2013

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Highways and Transit
FROM:	Staff, Subcommittee on Highways and Transit
RE:	Subcommittee Hearing on "Examining the Current and Future Demands on FTA's Capital Investment Grants"

PURPOSE

The Subcommittee on Highways and Transit will meet on Wednesday, December 11, 2013, at 2:00 p.m. in 2167 Rayburn House Office Building to receive testimony related to the Federal Transit Administration's (FTA) Fixed Guideway Capital Investment Grants program, commonly known as "New Starts." At this hearing, the Subcommittee will learn about the changes made to the New Starts program in the *Moving Ahead for Progress in the 21st Century Act* (MAP-21; P.L. 112-141) and highlight the expansion in available project eligibility and growth in applications for the approximately $2 billion in annual funding. The Committee will hear from the FTA, the Utah Transit Authority, the Chicago Transit Authority, the City of St. Paul, Minnesota, and the Cato Institute.

BACKGROUND

Federal funding for the Nation's public transportation systems dates back to 1964 with the enactment of the *Urban Mass Transportation Act* (P.L. 88-365). The measure provided $375 million in capital assistance over three years. This law created the capital investment grants program, now codified at 49 U.S.C. 5309, to be the federal government's primary mechanism for supporting locally planned, implemented, and operated transit capital investments. This law set the stage for the current program of financial assistance for public transportation, which is managed and run by FTA.

Federal transit programs are primarily funded from revenues in the Mass Transit Account of the Highway Trust Fund, but a portion of the funding – approximately 20 percent – comes from the General Fund. Currently, of the 18.4 cents per gallon federal excise tax on gasoline, 2.86 cents is deposited into the Mass Transit Account to fund transit programs.

MAP-21

MAP-21 was enacted on July 6, 2012, and reauthorized federal public transportation programs through September 30, 2014. It authorized $10.578 billion in fiscal year (FY) 2013 and $10.695 billion in FY 2014 for FTA programs. In addition to the formula programs funded out of the Mass Transit Account, MAP-21 reauthorized a number of programs funded entirely from the General Fund, which include the New Starts program, along with FTA administrative expenses and transit research programs.

The New Starts Program

FTA's New Starts Program provides grants for large projects that cannot traditionally be funded from a transit agency's annual formula funding. This program, which is among the oldest categories of federal capital transit grants, has facilitated the creation of dozens of new or extended public transportation systems across the country. These grants are generally eligible for a maximum 80 percent federal share of the net project cost.

Under this program, FTA awards grants on a competitive basis for new fixed guideway systems such as heavy rail (subway), light rail, or streetcars. In addition, eligible projects include extensions to existing fixed guideway systems, bus rapid transit (BRT), and projects that expand the capacity of an existing corridor by 10 percent or more.

Applicants seeking New Starts funding must complete two phases, project development and engineering, prior to receiving a grant. In order to enter into Project Development, an applicant must make a written request to the Secretary of Transportation and initiate the environmental review process. Upon completion of the applicable environmental reviews and the activities of the project development phase, a project may advance to the engineering phase. Finally, the Secretary may award funding by signing a Full Funding Grant Agreement (FFGA) once the project has been selected as the locally preferred alternative and it has achieved a sufficient overall rating by FTA. This rating is based on project justification factors that include economic development, mobility improvements, cost effectiveness, environmental benefits, land use, and congestion relief, as well as the degree of local financial commitment.

MAP-21 streamlined the project approval process for New Starts by setting time limits on environmental reviews and consolidating the steps to apply for funding. Project sponsors must complete the required activities of the project development phase within two years. MAP-21 also eliminated the duplicative alternatives analysis phase and instead allows for the review of alternatives to be performed during the metropolitan planning and environmental review processes. In addition, it allows for an expedited technical review process for applicants who have recently completed a New Starts project successfully.

Small Starts

Small Starts projects are defined as those applying for less than $75 million in federal funding or those with a total project cost of $250 million or less. Applicants seeking Small Starts funding must complete only one phase, project development, prior to receiving a grant. In order to enter into project development, a project sponsor must make a written request to the Secretary and initiate the environmental review process. The Secretary may award funding by signing a Small Starts Grant Agreement (SSGA) once the project has been adopted as the locally preferred alternative and the environmental reviews have been completed, and based on FTA's ratings of the project benefits and the local financial commitment.

MAP-21 eliminated the dedicated funding set-aside for Small Starts projects. These projects must now compete alongside the larger-scale New Starts projects for the available funding.

Core Capacity Improvement Projects

MAP-21 significantly expanded the New Starts program by making projects within existing systems eligible for New Starts funding, if the project would increase the capacity of an existing corridor by at least 10 percent. Eligible core capacity projects cannot include work to maintain a state of good repair of the existing system, and are only allowable in corridors that are at or exceed capacity, or are projected to exceed capacity within five years.

Bus Rapid Transit (BRT)

MAP-21 changed the definition of BRT to include a separate category for corridor-based BRT projects. Traditional, fixed guideway BRT projects eligible for New Starts funding are those that operate in a dedicated right-of-way for the majority of the project and include features that emulate rail fixed guideway service, such as defined stations and frequent service. Corridor-based BRT projects, those in which the majority of the service does not operate in a dedicated right-of-way, but still contain features that emulate traditional rail fixed guideway service, can qualify as Small Starts.

Current and Future Demands

MAP-21 authorized $1.907 billion in each FY 2013 and FY 2014 for the New Starts program. The total amount appropriated in FY 2013 was less than the authorized amount at approximately $1.855 billion, as a result of sequestration.

According to the U.S. Department of Transportation's report on funding recommendations for FY 2014, as required by 49 U.S.C. 5309(o)(1), the FTA has existing, signed FFGAs to provide approximately $14 billion in funding for 17 projects. In addition, FTA has existing, signed SSGAs to provide approximately $94 million in funding for two projects. On top of these existing demands, the report shows 12 projects, which are currently in the project development and engineering phases, seeking approximately $8.7 billion in New Starts funding, and 14 Small Starts projects, which are currently in the project development phase, seeking approximately $680 million in funding.

Given these demands on program funding, projects that have completed the applicable requirements of the New Starts program may face delays in securing grant agreements or receiving their full grant amounts.

WITNESS LIST

The Honorable Peter M. Rogoff
Administrator
Federal Transit Administration

The Honorable Gregory H. Hughes
Chairman, Board of Trustees
Utah Transit Authority

Mr. Chris Bushell
Chief Infrastructure Officer
Chicago Transit Authority

The Honorable Chris Coleman
Mayor
St. Paul, Minnesota

Mr. Randal O'Toole
Senior Fellow
Cato Institute

EXAMINING THE CURRENT AND FUTURE DEMANDS ON THE FEDERAL TRANSIT ADMINISTRATION'S CAPITAL INVESTMENT GRANTS

WEDNESDAY, DECEMBER 11, 2013

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 2 p.m., in Room 2167, Rayburn House Office Building, Hon. Thomas E. Petri (Chairman of the subcommittee) presiding.

Mr. PETRI. The subcommittee will come to order. We will be joined shortly by the ranking Democrat for the day, Ms. Napolitano. We are under some time pressure because we are expecting an hour of votes starting shortly before 3 o'clock.

Today's hearing will focus on the Federal Transit Administration's Capital Investment Grant program, commonly known as New Starts. Federal public transportation programs have traditionally provided financial support for capital costs and limited operating expenses to local transit agencies around the country. These programs complement our investment in highway and bridges in order to support an integrated national surface transportation network.

MAP–21 reauthorized Federal public transit programs for 2 years and provided $10.5 billion in annual funding. The majority of Federal transit dollars are funded out of the Mass Transit Account of the Highway Trust Fund. Of the 18.4 cents per gallon collected in Federal gasoline taxes, 2.86 cents are deposited in the Mass Transit Account for these purposes.

In addition, approximately 20 percent of the Federal transit programs are funded from the general fund. The largest of these programs is New Starts. MAP–21 authorized $1.9 billion in each budget year, 2013 and 2014, for the program. New Starts is a discretionary grant program that has clear justification criterion and a transparent project selection process. Projects that are selected for funding must have a strong local financial commitment and achieve sufficient ratings in the justification factors, such as cost-effectiveness and the potential for economic development.

Projects currently funded through the New Starts program vary widely across types, regions, and costs. For example, on the high end, the New Starts program is currently contributing $1.5 billion toward a $5 billion transit program in Honolulu. Two multibillion-dollar projects in New York City are also being funded. On the smaller end, the program also funds what is known as Small Starts projects. Small Starts must cost less than $250 million total and have a maximum Federal share of $75 million. Current Small Starts projects include a bus rapid transit project in Grand Rapids, Michigan, and a light rail expansion in Mesa, Arizona.

The program originally was intended and designed to support new systems or new extensions to existing systems, but MAP–21 significantly expanded New Starts eligibility. Projects that would expand the capacity of an existing corridor by at least 10 percent are now eligible for New Starts funding.

In November, FTA approved the first Core Capacity project to enter into project development, a $4.7 billion proposal to modernize the red and purple lines in Chicago. With the expanded eligibilities, one could see a potential situation in which a handful of expensive projects in large urban areas could monopolize the New Starts funding over several years. This could come at the expense of funding opportunities for new public transit systems in the rest of the country. We must ensure that Federal investment in public transportation projects through this program is appropriately targeted, equitable, and cost-effective.

Today's hearing will focus on the changes MAP–21 made to the New Starts program. We will also examine how those changes are impacting current and future funding demands. The subcommittee will receive testimony from Peter Rogoff, Administrator of the Federal Transit Administration, who is responsible for implementing the New Starts program. In addition, we will hear from officials from the Utah Transit Authority and the Chicago Transit Authority, the mayor of St. Paul, Minnesota, and a representative of the Cato Institute.

Before I recognize representative Napolitano, I would like to recognize Mr. Crawford for a unanimous consent request.

Mr. CRAWFORD. Thank you Mr. Chairman. I request unanimous consent that the chairman be permitted to declare a recess during today's hearing.

Mr. PETRI. I would also like to ask unanimous consent that Representative Daniel Lipinski be permitted to join the subcommittee for today's hearing. Without objection, so ordered.

I now yield to Representative Napolitano for any opening statement she may wish to make.

Mrs. NAPOLITANO. Thank you, Mr. Chairman. First, let me extend Ranking Member Norton's regrets she would not be able to be here today. She is returning from South Africa as part of the delegation to pay tribute to former South African President Nelson Mandela.

But we thank you for holding this important hearing on Federal investments in our Nation's transit infrastructure through the FTA's New Starts program, and I am very pleased to serve as ranking member as this program is of great importance to not only the county of Los Angeles, but the State of California, being a donor State.

The Gold Line on the East Side, which is an extension program in our area, is one of the New Starts projects to be completed in the county that was my former district of 2009, received $490 million in Federal funding and leveraged an additional $400 million in local funding. So that was a pretty good match.

That extension created a 6-mile light rail into historically Latino community of East Los Angeles. The vibrant community now has easy transit to downtown L.A. and most parts of the county and increased a lot of potential for economic development. Also increased the ability for people to travel and get congestion off the highways and be able to develop more jobs and business opportunities.

The two New Starts projects in the proposals in L.A. County—by the way, L.A. County is about 14 million people, the L.A. city is about 4 million people. So you understand we need mass transit. The county has two projects set to receive full funding grant agreements from FTA in the near future, the Regional Connector Light Rail Project and the Westside Subway Extension, together estimated to provide over 100,000 average weekly transit trips in their first year, and greatly, of course, improve mobility and access, reduce travel time, help the environment. And, of course, the Central Business Council of Los Angeles is ecstatic about that.

The Regional Connector will allow constituents to be able to connect the San Gabriel Valley, which is southeast of Los Angeles, to the West Side of Los Angeles, which currently they would not be able to access as easily, provide more speed and efficiency for the constituents to commute around the region of Los Angeles, reducing congestion and helping clean the environment.

The Gold Line Foothill Extension, also we must recognize and support transit projects that are being fully funded at the local level, no Federal funds, local level, and it is being constructed at a cost of $735 million with local funding, $11.5 million extension of the current rail line, and six new stations in the San Gabriel Valley. Our local governments had planned to further extend the line from one city, Azusa, to the Ontario Airport, owned by the city of Los Angeles, and that would create not only a lot of economic development in the whole corridor, but also be able to expedite the people traveling from outside L.A. County into the county, but that phase is not fully funded.

Now, the large self-help regions like L.A. County must receive additional support from the Federal Government for our locally funded projects. These are just some of the examples of the New Starts projects or programs, and all over the country our Government is investing in public transportation, which will undoubtedly improve the mobility of millions of Americans, help to reduce traffic congestion, improve our air quality and environment, and foster the development of economically viable and livable communities, such as in one of your testimonies I found very interesting and I commend you for that.

That program has for decades been the Federal Government's primary instrument for supporting large-scale transit capital investments—heavy rail, commuter rail, light rail, and bus rapid transit. This was created, of course, in 1964 and has made possible dozens of new transit systems and/or expansions across our country. Continuing to make these investments is critical to our economic viability and stability and the well-being of our citizens.

This new program consists, of course, of rigorous justification criteria and detailed FTA review, more than any other category of

Federal transportation funding, to ensure only projects that will yield a certain level of benefit will receive funding. This level of justification is not in regard of any category of highway projects receiving Federal funds. In fact, the chief complaint about New Starts is how lengthy and cumbersome it is and can be to successfully navigate the process and obtain a grant agreement because of this complex review process.

Congress in its most recent surface transportation authorization, MAP–21, addressed the concern by streamlining and combining steps in the process to expedite grant approval. Also added eligibility under this program for existing transit systems that are operating at or over capacity or expect to be in the next 5 years to upgrade their current network.

There is a great need for these projects, known as the Core Capacity, and it is a testament to the growing transit ridership across this country. Projects are most often thought of as applicable to older, larger legacy transit systems in cities such as Chicago, New York, Washington, DC, and, of course, San Francisco, because of their age and condition.

In reality, any system can utilize this eligibility and I suspect all systems will eventually have to. For example, if a light rail system finds that growing popularity of its services means needing to upgrade check from two- to three-car platforms.

Unfortunately, some will call into question whether Core Capacity projects should continue to be eligible given the limited size of the New Starts funding. The program was established to add transit capacity to this country, and in this regard the program has accomplished this objective and more, and done it in a very competitive and transparent manner. Members of this committee must stand together to make sense for continued robust funding of this very highly successful program and in its much-needed areas.

Rather than quibbling over how we address capacity, we should focus on ensuring FTA is using all of its tools appropriately to identify the projects nationwide that add transit capacity in the most beneficial way to transit riders and communities. A well-funded system of competitively selected projects, coupled with complete transparency over the process, will ensure that all eligible and interested projects, those that stand to produce the most results, become a reality with our help.

Look forward to hearing from the witnesses and to learn more about their progress implementing the MAP–21 and to hear the sponsors of several successful New Starts projects across the country. Thank you, Mr. Chair, and I yield back.

Mr. PETRI. Thank you.

Let me again welcome our panel of witnesses today consisting of the Honorable Peter M. Rogoff, Administrator of the Federal Transit Administration; the Honorable Gregory H. Hughes, chairman of the Board of Trustees of the Utah Transit Authority; Forrest Claypool, who is president of the Chicago Transit Authority; Mayor Chris Coleman from St. Paul; and Mr. Randal O'Toole, who is a senior fellow with the Cato Institute, who has spent years as a recognized expert in this area.

I thank you all for the effort that went into your prepared statement and would invite you to summarize them for about 5 minutes of testimony, beginning with Mr. Rogoff.

TESTIMONY OF HON. PETER M. ROGOFF, ADMINISTRATOR, FEDERAL TRANSIT ADMINISTRATION; HON. GREGORY H. HUGHES, CHAIRMAN, BOARD OF TRUSTEES, UTAH TRANSIT AUTHORITY; FORREST CLAYPOOL, PRESIDENT, CHICAGO TRANSIT AUTHORITY; HON. CHRISTOPHER B. COLEMAN, MAYOR, CITY OF ST. PAUL, MINNESOTA; AND RANDAL O'TOOLE, SENIOR FELLOW, CATO INSTITUTE

Mr. ROGOFF. Thank you, Chairman Petri and Ms. Napolitano. We very much appreciate the opportunity to highlight the success of the Federal Transit Administration's New Starts program. I also want to thank the committee for supporting our efforts to strengthen the program through MAP–21.

Since its inception nearly four decades ago, New Starts has become one of the Federal Government's most transformational investment partnerships. The program has earned broad-based support among Governors, mayors, local council leaders, and millions of Americans across party lines in every region of the country because they know what the program delivers.

To cite just a few examples, in Dallas, Texas, a city where we were told that no one was going to get out of their pickup trucks, citizens are now flocking to new light rail lines extending throughout the city and its suburbs. In fact, Dallas is now the largest operator of light rail service in North America, and that service has unleashed billions of dollars in new commercial and residential construction around the region.

In Utah, as I am sure Mr. Hughes will explain, Utah has now completed 70 miles of new transit service in 7 years. The State has more than doubled transit capacity as its population grows more than twice as fast as other States. A few days ago I rode commuter rail down to Provo and Orem from Salt Lake and saw firsthand the huge number of jobs created there as companies like Adobe, eBay and Nu Skin set up shop right near the commuter rail stations. And in Arizona, the New Starts program is helping to link downtown Phoenix with the suburbs of Tempe and Mesa, generating new jobs and opportunities along the way.

In all, FTA has signed 120 full funding grant agreements for New Starts and 20 grant agreements for Small Starts projects. The Obama administration envisions the New Starts program having an even bigger role in the years ahead.

The U.S. Census projects that we will add roughly 120 million people between now and 2060, expanding our population by about one-third. The number of people 65 and older will more than double over the next 50 years. Young people are driving less and our cities are choking on congestion. These trends cry out for a balanced approach to transportation, one that expands our transportation networks in all directions, and the New Starts program must be part of that solution.

At the FTA we have heeded Congress' call to streamline New Starts and improve its efficiency. Our commonsense changes will help local project sponsors shave at least 6 months off the time that is now required to move major New Starts projects from concept to construction. In some cases we will be able to shorten the process even more.

FTA recently rolled out a new ridership forecasting tool that we are very proud of that can save local project sponsors as much as $1 million on fees and reduce certain planning requirements from 2 years all the way down to 2 weeks. Over the past decade, roughly 80 percent of our New Starts and Small Starts projects were delivered on time and on budget. For the projects we currently have under construction, that number is likely to be closer to 90 percent.

Unfortunately, despite a very successful track record and rising demand from all corners of the country, the New Starts program is currently facing some very significant challenges. The combination of the funding freeze contained in the continuing resolution for 2013 and the sequester that followed left funding for this program almost $400 million below the level requested in the administration's budget. As a result, for the first time in modern memory, FTA was unable to make new funding commitments for any new projects through the New and Small Starts program in its 2014 budget. And every project that already had a signed funding agreement with the FTA received less funding than the amount called for in that agreement, resulting in increased financing and carrying costs on local governments.

FTA now has more than 30 projects in the pipeline, projects that together would add more than 320 new miles of transit service to communities that need more robust transportation choices. We also are working to increase capacity in rail corridors that are already at or above capacity today through the Core Capacity program, as Ms. Napolitano made mention of, in cities like Chicago, New York and elsewhere. These Core Capacity investments will enable systems that already provide close to 4 billion trips a year to better serve the expanding number of riders that they are experiencing.

The administration remains fully committed to the New Starts program and to advancing many good projects through the budget process. We are asking Congress to help us get it back on track, to pay our bills, and build more of the good transportation projects our Nation so desperately wants and needs.

Mr. Chairman, this concludes my testimony. I will be happy to answer any questions at the conclusion of the testimony. Thank you.

Mr. PETRI. Thank you.

Mr. Hughes.

Mr. HUGHES. Thank you, Mr. Chairman, members of the subcommittee. Thank you for the opportunity to speak to you. My name is Greg Hughes. I am the chairman of the Utah Transit Authority, which is our multijurisdictional, political jurisdictional mass transit system. We serve probably 80 percent of the population of the State of Utah.

I wear a couple different hats. I am also a member of our State legislature in the House. I am our majority whip and I serve in that role. So I have a couple different areas of responsibility and perspectives that I brought when I was asked by the mayors in Salt Lake County to serve as a board member of UTA.

I have to tell you that I grew up, by way of background, in Pittsburgh, Pennsylvania, which is a much more densely populated metropolitan area than the Salt Lake County area, and as a conservative Republican my opinion of mass transit is it seemed reasonable or a necessity in Pittsburgh, but certainly in a State like Utah, maybe more of an oversubsidized social service. So I warned the mayors that if I was going to serve on this board, they might not like what I had to say or the perspective I was going to share.

I think it was helpful for me as a member of our State legislature to be on that board and lend the perspective of a State that is fiscally conservative and always looking at that bottom line, but I at the same time got some valuable perspective as well as was able to understand a little bit better in a State like Utah, where you see how quickly we are growing, the absolute need we have to be multimodal.

And what I mean is that when I sat every year and had to look at how many roads we had to help keep in good repair and how much expansion we needed for the population that was growing, I became agnostic in terms of mode. I didn't care any longer whether someone was going to decide to get on a train or a bus or a different mode, or whether they were going to get in their car. In fact, I started to point out to stakeholders who might not have thought of themselves as traditional stakeholders to mass transit that if you like getting to work on time, you love that 80 percent of the light rail commuters along our new line own automobiles and would have been in your way trying to get to work or to school.

What we find in the State of Utah is that we just have to get people from point A to point B, and we have to find as many ways to do it as possible. We have had an over billion-dollar expansion of the interstate freeway in Utah County, one of the fastest growing counties in the country. One of the $30 million interchanges will hit congestion failure in 6 years. How do we begin to pay for that as a State? We have to have multimodal, we have to have other areas to allow people to commute.

The nice thing about rail as we have put in 140 miles in 15 years is that you can add capacity very quickly by adding a car, another car for people to commute. That gives us more options and why I have begun to see this under more of a more general term and why, frankly, I think sometimes my conservative colleagues and friends have not occupied the space of being an advocate for transportation infrastructure.

I think that if you have Lincoln, who brought us the intercontinental railroad, and President Eisenhower, who brought the interstate, our transportation infrastructure and being multimodal and getting people from point A to point B is something that is very bipartisan. The roads, the rail, the buses, these are not Republican or Democrat. This is an area where our interests, our concerns, Utah is a valley and clean air is certainly a concern as well.

There are many people that have different perspectives that overlap when we talk about MAP–21 and how we get things done. And I think that where we represent constituencies, the constituents that I represent, as we find these areas of agreement that exist in public policy, and they don't always exist, I know this, I think that it builds confidence in our constituents so when we don't agree on some things, maybe there is more legitimacy to those disagreements because we have found places where we work together, where we get things done, where we make things better for our constituents.

Sitting behind me, she didn't know I was going to say this, is my daughter. I brought my 14-year-old daughter with me to let her kind of see this process and how it is working. This is the generation we are talking about. This is the generation that is the technology native. That means that her world and her freedom is more found in electronic devices and how she can communicate with people than the car that would drive her necessarily to the friend's house.

Being able to commute—I wish we had these in our State legislature, these little clocks, so I will be quick—being able to stay productive, get around and explore the freedom that technology now brings makes a multimodal transportation infrastructure imperative to our constituents. And I applaud MAP–21. I think there are some great improvements that can be made. I know UTA would be happy to share that with you. And New Starts, finally, is critical, Mr. Chairman.

Mr. PETRI. Thank you.

Mr. Claypool.

Mr. CLAYPOOL. Thank you, Chairman Petri and Member Napolitano, and distinguished members of the subcommittee, all. I thank you for the opportunity to appear today. My name is Forrest Claypool. I am the president of the Chicago Transit Authority, the CTA, which is the Nation's second-largest transit agency with over 1.7 million rides per day in the city of Chicago and 35 suburbs. And I am here today to talk about the importance of the Core Capacity projects.

As you know, MAP–21 contained a provision that allowed Core Capacity projects to be eligible for the Federal Transit Administration's 5309 Capital Investment Program. Core Capacity expands capacity within the existing footprint of the transit network to meet current and future ridership demand, and per MAP–21, eligible Core Capacity activities include adding infill stations, expanding platforms, double tracking, improving signal systems, increasing electrical power, and other activities that increase capacity by 10 percent or more.

Previous experience with Core Capacity projects in Chicago has proven that Core Capacity is a cost-effective way to increase transit ridership and improve efficiency. Due to ridership gains of nearly 80 percent from 1980 to 2000 on its Brown Line, the CTA undertook plans to add capacity by extending the Brown Line's six-car platforms to eight-car platforms and by reconstructing stations to allow for full accessibility. This $522 million project was listed as a 5309 capital investment project in TEA–21. Preconstruction ridership projections forecasted a 22-percent increase, but that target was surpassed by 2011, less than 2 years after the project was complete. Ridership is up 36 percent since, over 30,000 rides each weekday.

The Brown Line capacity project not only exceeded expectations, it has had a profound impact on economic development. In 2011, one-quarter of all the city's building permits were within a half mile of the Brown Line, which is a remarkable testimony to the economic power of the project.

The CTA has continued to experience consistent ridership growth over the past decade, especially on its rail lines. We recently completed in just 5 months a complete rebuild of the Red Line South $425 million project and the next leg is Red North, a capital expansion project on the CTA's busiest corridor, the Red and Purple lines, in order to grow ridership further.

Chicago's Red and Purple lines are the backbone of our system, providing 300,000 rides each weekday, extending north and south through the city and into the northern suburbs. Most of the northern section of the line is more than 100 years old, built by private enterprises in the late 1800s, and it is, of course, famous for its elevated tracks and curves and narrow platforms that you often see in TV movies like "The Fugitive."

This corridor, from Belmont to Linden, serves 130,000 rides past such landmarks as Wrigley Field, Loyola and Northwestern University. And while the age and unique features may be endearing to some, it is very costly to maintain and to meet the growing ridership demand in a commercially thriving and diverse section of our region. Over the last decade, the ridership in this corridor is up 14 percent, but we are at capacity, leaving so many passengers on our platforms because of the need for extra power and room. Constraints on signaling do not allow us to add more trains to the sets or lines to meet the crowding and demand. And we have bottlenecks on the system as well, including the aforementioned curves and a bottleneck called Clark Junction south of Wrigley Field where multiple lines converge.

So you are familiar with the legislation in terms of what it allows, and I mentioned them earlier, things that expand capacity, but we do estimate that we can in time double the 130,000 rides on the system, and that would compare very favorably with any New Start project around the country. FTA recently approved the CTA's request to enter the Red and Purple line project into project development, so I would like to thank Administrator Rogoff and the FTA for their assistance.

Before I close, I did want to note that other cities are pursuing Core Capacity as well, Dallas, Washington, Charlotte, to name a few, and adding capacity within the transit agency's existing footprint is critical for both older and newer systems.

And I would just finally also like to note, if Congressman Lipinski arrived, just to thank him. He has been a staunch supporter of the Core Capacity provision, even offering an amendment in 2011, and is a friend of transit and a tremendous asset to the city of Chicago. So thank you, Congressman Lipinski, and thank you to the committee for allowing us to testify today.

Mr. PETRI. Thank you.

I understand his plane was a little late and that he is on his way. But I am sure he will appreciate your remarks.

Mayor Coleman.

Mr. COLEMAN. Thank you, Mr. Chairman, and members of the committee. It is an honor for me to be here today to testify on this important subject. If I could just indulge you to thank a couple of members of your subcommittee that are good friends of mine and great leaders on the State level from Minnesota. Representative Nolan and Representative Walz have been great friends and great supporters of transportation. Congresswoman McCollum, also my Congresswoman, has been an incredible leader on the Central Corridor and projects all across the East Metro area and the Twin Cities of St. Paul and Minneapolis. I also want to acknowledge and thank the group Transportation for America who helped facilitate my participation here today.

Transit investments like the New Starts program provide long-term economic impact and generate future economic returns to individual regions and the national economy. The impact of transit investments in St. Paul is no different. We are 6 months from opening day for the New Starts-funded Green Line or the Central Corridor light rail service, which will link downtown St. Paul, the University of Minnesota, and downtown Minneapolis through some of the metropolitan region's most diverse and transit dependent communities.

Already we have seen more than $1.2 billion worth of investment in new housing and employment opportunities within the 18 station areas along the 11-mile route. Over 7,500 housing units have been or will be built along the line, many of those financed to be affordable for students or lower income households. These are families who will be able to reduce what they are now spending on their two biggest items in every family budget, housing and transportation, investing what they will be saving in going to school, buying a home, or starting a business.

Small business owners, many of them recent immigrants, are renovating their buildings and expanding their shops and restaurants to respond to a growing market created by a projected 44,000 trips a day on the Green Line. Sixteen colleges and universities, hospitals, and other facilities are within blocks of the Green Line, and they have convened the Central Corridor Anchor Partnership and have taken stock of the fact that together they employ 67,000 people and have recently undertaken more than 100 capital projects, accounting for some $5 billion in capital investment. They are now working together to determine how they can leverage their roles as employers, educators, and purchasers of goods and services to strengthen Green Line neighborhoods.

Twelve of our local and national philanthropic partners have joined together in the Central Corridor Funders Collaborative and expect to invest $20 million over the next 10 years, in addition to their individual investments, in community development activities ranging from supporting the growth of small businesses to ensuring the continued availability of quality affordable housing.

I know that time is short, so I won't continue to talk about all the things that are happening on the line. Suffice it to say that none of this would have happened, certainly not over the past 8 years, were it not for the nearly $0.5 billion Federal New Starts investment that made construction of the Green Line possible.

The last time there was a major transportation investment in the same corridor it was the construction of I–94, which while linking St. Paul and Minneapolis with Chicago and points east, also sapped the economies of these same neighborhoods, leading to over 40 years of disinvestment. Learning from that experience, the FTA and its New Starts program insists that we as cities and regions demonstrate how we are going to use the Federal transit investment to enhance the lives of our residents, build stronger communities, and more competitive regional economies.

St. Paul and Minneapolis are demonstrating even before the Green Line carries its first passenger the value of the New Starts investments in our midst. Recently someone commented on how I have been lucky to be mayor at such a great time in our economic history, and I think what they were actually referring to is the time that we have spent investing in our community through programs like the building out of the Central Corridor. There is no doubt that St. Paul is stronger because of the investment that has been made in this project. In spite of the economic challenges that we faced, we have continued to see growth because of this type of investment.

As I alluded to at the beginning of my remarks, the New Starts program is a critical funding tool for projects across the country. Last month I was elected president of the National League of Cities, which represents over 19,000 cities, towns, and villages across the United States. For many of these communities and their region, transit investments are a key component of their future growth and economic success.

Today local communities are raising funds for transit and the transportation networks of roads and bridges that connect them to each other and the larger region, often by taxing themselves, but few local communities have the capacity to bond or tax for the full cost of the construction. Through the New Starts program the Federal Government has proven to be an effective partner in expanding transit services and underwriting economic growth.

While demand is growing nationally for the New Starts funding, the program faces threats in Congress. As you know, unlike most other Federal transportation programs that are funded by the gas tax, New Starts is paid for with general funds and is subject to sequestration and yearly budget cuts. It is critical that this subcommittee and your colleagues provide additional dedicated funding for this vital program as a downpayment on our national economic future.

In closing, I want to thank Chair Petri and members of the committee, all the members of the committee, for their invitation to testify and for the chance to highlight this program and the city of St. Paul and its impact on the partnership between the city, the State, and the Federal Government. Thank you very much. And I stand for questions.

Mr. PETRI. Thank you.

And Mr. O'Toole.

Mr. O'TOOLE. Thank you, Mr. Chairman and members of the committee.

I have been called a rail hater, but the reality is I love trains. I especially love passenger trains. What I hate are bad incentives. The problem with New Starts is that it gives cities and transit agencies terrible incentives to spend horrendous amounts of money to find the highest cost transit solutions possible in any corridor. We only have to look at the history of light rail to see this happening.

In 1981, San Diego opened the first modern light rail line in this country. It cost a little more than $5 million a mile for a 16-mile line. Translated today's dollars, that is less than $12 million a mile. They built it without any Federal funds.

Later in the 1980s, several other cities, including my former hometown of Portland, Sacramento, and other cities, opened light rail lines that were built with Federal funds, and they cost an average of $30 million, two-and-a-half times as much per mile as the San Diego line. The reason why they cost so much is because the cities were designing their system to spend lots of money so they could get a larger share of Federal funds.

By 2000, the average cost of light rail lines in the New Starts program was more than $50 million a mile. By 2014, the Federal New Starts program cost for light rail averaged more than $110 million a mile, and that is not counting three light rail subway lines that are costing over $600 million a mile each. The lowest cost light rail line in the latest New Starts program is more than $50 million a mile. So costs have increased by nearly 10 times because cities are essentially in a race with each other to get as much money as they can out of the New Starts fund before some other city gets that share of the money.

This kind of spending cannot be justified on economic, environmental, or transportation grounds. The light rail and other rail transit is often touted as a way of curing congestion, but in fact many of these lines are making congestion worse. The Minneapolis Hiawatha light rail line disrupted traffic signal coordination on parallel Hiawatha Avenue and added 20 to 40 minutes to people's journeys each day. The Purple light rail line planned in Maryland, the Red light rail line planned in Baltimore, and many other lines are actually predicted in their environmental impact statements to significantly increase congestion in their corridors.

Nor are these lines saving energy. The Utah Transit Authority's commuter rail lines, for example, use more energy and emit more pollution per passenger mile than a typical sports utility vehicle. The Purple line and many other lines, a new line in Dallas, are all predicted to use more energy than the cars they take off the road and to emit more pollution than the cars they take off the road.

What is worse is spending large amounts of money on rail transit is harmful to transit riders. There have been many cases of transit agencies cutting bus service to core areas where low-income people live in order to pay for building expensive rail transit out to suburban areas where white middle-class people live. For example, Denver and Salt Lake both once had higher transit shares of commuting than Las Vegas in 1990. Then they built light rail and their share of commuting has declined, whereas Las Vegas, by investing solely in bus improvements, has doubled transit share of commuting and now has a higher share of commuting than Denver or Salt Lake.

The sad thing is that buses can do better than light rail or street cars or most rail transit in almost every situation. They have a higher capacity, they have much lower costs, they can carry more people more comfortably and do it without imposing costs on other people. The only cases where rail transit is necessary is where you have job centers with hundreds of thousands of jobs, and those are extremely rare. There are only four or five of those job centers in the country.

So I propose that Congress abolish the New Starts system process, take the money that is going into that fund and put it in a formula fund that is given to transit agencies based on how many riders they carry or how much fares they earn each year. That way transit agencies can use the money to build rail transit if they want to, but they will be rewarded for increasing transit ridership. And I think that is the goal of transit, not to spend lots of money and earn money for contractors and engineering and design firms.

Thank you very much.

Mr. PETRI. Thank you.

Thank you all for your testimony. We have about a half an hour or so until we will have to leave for votes, and so I will try to be brief in my questioning. I hope other Members will be as well and it may give everyone a chance. Otherwise it will be an hour before we come back. So maybe we could finish up on this and submit questions for the record also for written response from the panel.

I would just like to ask a two-part question of anyone on the panel who cares to respond. And it is, should the New Starts program include incentives for transit agencies that deliver projects early and under budget and should it contain penalties for cost or schedule overruns?

And secondly, the current authorization allows up to 80 percent Federal funding. No project, as I understand it, gets actually more than 50 percent. Would it make sense to adjust that number down to a more realistic level?

Would anyone care to respond on one or both parts of that question?

Mr. ROGOFF. I will take the first stab at it. I am sure the other panelists might have views on it as well, sir.

I would argue that there already is an incentive for projects to finish early and under budget. That is because we are in a cost-sharing mode. We, as you pointed out, for the New Starts programs roughly provide half the cost or less. And generally we see a trend that if a project is finishing early, they are also likely to be under budget, and projects that finish late have a higher propensity to be over budget.

So the sooner they can finish the project, assuming that it is done to spec, they can not only provide service to the public quicker, which is obviously their whole goal in the first place, but they also get to enjoy 50 percent of the cost savings. So 50 percent of savings would accrue to FTA, but 50 percent, obviously, or more if it is an overmatch program, would accrue to local political leaders to either put into other transit projects or other local needs. So I think the incentives are already there.

As for changing the percentage, this has always been a long-standing debate over the fact that major highway projects are often 80–20, 80 percent Federal and 20 percent local, whereas we are in a 50–50 posture in our New Starts program. We do have some 80–20 projects that are much smaller BRT projects.

My concern with making it an 80 percent federally funded program is it will just dramatically shrink the number of projects we can fund, and we have a pipeline that is very robust and a lot of cities waiting at the door, and some rural areas as well. So as much as I would love to be on parity with highways, I also want to have the head room to get to those cities and work down our pipeline and build those projects.

Mr. HUGHES. Mr. Chairman, can I say that at Utah Transit Authority, its 2015 projects were concluded this year. Just here in 2013 we were ahead of schedule, and we saved the taxpayers $300 million in terms of coming under budget.

I think that anything that can be done as the things that are mentioned, being able to leverage dollars that you are able to save into other projects, is certainly a great motivator. We know in Utah Transit Authority it can be done, and I think it builds confidence for constituents when they see that we are good stewards of the tax dollar and being able to leverage those dollars to be able to do further projects and legitimize what we are doing.

What you don't want to do is say we need a tax increase or we need to find an increased local option because it is not working or we need to make it better. It is a terrible narrative. So anything that I think is built around being efficient, being quicker at doing it, coming in under budget, and allowing your transit authorities to do it that way, to be able to leverage those dollars further, is the best approach.

Mr. PETRI. All right.

Ms. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

President Claypool, some would argue that Core Capacity projects should not be eligible under the New Starts program and such upgrades should be undertaken with a state-of-good-repair or other FTA formula funding. Given your regular program of projects, should CTA be able to undertake projects to address capacity constraints with your regular capital funds?

Mr. CLAYPOOL. Yes. The purpose of New Starts, obviously, is to increase ridership. And as I indicated in my testimony, the potentially 130,000 additional riders, almost doubling our capacity on the Red line, would be right at the top of the charts if you look at any of the proposed New Starts in the pipeline right now. So it achieves the same objective, but what it does is it leverages the existing infrastructure of a mature agency, which makes it more efficient, makes it smart growth. And actually is, I would say, based on a conservative principle, that taxpayers have already built that. Let's leverage it to actually grow capacity that is there and the latent demand that is there. And we clearly have evidence of that in Chicago as we are leaving people on platforms.

So we are grateful for the opportunity. We think it was a farsighted piece of legislation that recognizes that the growth of Core Capacity and expanding ridership is no different than growing it in another way in terms of the objectives, but it is more efficient and effective, and especially in a large system where we already have a significant ridership base.

Mrs. NAPOLITANO. Thank you.

And, Administrator Rogoff, some critics of making Core Capacity projects eligible under the New Starts argue that these projects take away from the chief purpose of New Starts. And as I stated in the opening statement, adding capacity through the most beneficial projects should be the goal of New Starts, regardless of whether the capacity comes in the form of new systems, an extension or expansion of existing systems.

Do you agree with this view and has FTA received inquiries or expressions of interest from transit agencies other than Chicago seeking this funding?

Mr. ROGOFF. We have certainly received inquiries. We have also had a project submitted from New York that was subsequently pulled back by mutual agreement because they were obviously overwhelmed with Hurricane Sandy recovery. But they expect to resubmit it shortly. And it is very noteworthy because it is the E Line that runs from Queens all the way to the World Trade Center. It serves 375,000 people a day. And they estimate it to get something like 13 percent capacity enhancements above the 10 percent requirement for Core Capacity. So you are talking about leveraging something approaching an additional 50,000 riders a day. And as Forrest pointed out, that would compare more favorably than almost 90 percent of the New Starts projects we have.

So in short, Ms. Napolitano, yes, we have expressions of interest from CTA and others. But I agree with Mr. Claypool, and that is our goal for the program is to generate opportunities for ridership. That can be in a new city, it can be in an existing city. Our goal is to provide the opportunities where the demand is, and we are agnostic, frankly, whether it is a Core Capacity project or a New Starts projects.

Mrs. NAPOLITANO. Thank you, sir.

And I certainly wanted to say to Mr. Coleman, congratulations on your election to the National League of Cities. I have been there before. So congratulations, sir.

Administrator Rogoff, you state in your testimony that the New Starts program is at a crossroads based on increased demand from local sponsors for project funds while Federal funding for the program has been relatively flat in recent years and cut in 2013 due to sequestration. But if the program funding level is not increased, what can FTA do to fairly distribute those limited funds if the program is oversubscribed?

And secondly, do you have any ideas for or the authority to guide or prioritize project selection if you don't have enough funds to sign the grant agreement with qualifying projects in any given fiscal year? And add to that another question that I was thinking of sharing with Chairman Petri, is public-private partnerships.

Mr. ROGOFF. Well, let me just say that we would not be in the predicament we are in, obviously. The administration, and we have gotten strong support up and down the administration, including the White House, to request additional funds to accommodate the pipeline we have. The crossroads that I cite really relates to the fact that rather than get the increased funds that we sought for the last fiscal year, we got a freeze of the CR and a sequester below that, and that left us some $400 million behind. That basically cut off our opportunities to ask for money for new projects. It also required us to reduce the funds that we had already committed for 2013 to existing full funding grant agreements, some of which are represented here in the room, including Mayor Coleman's project.

We have sought not to do any presumptive feeling, presumptive assumptions as to where 2014 is going to come out. Perhaps the agreement reached last night will provide for a more normal appropriations process that will allow the Appropriation Committees to prioritize going forward. I think that is what we need in order to be able to keep pace with the demand of projects as they are coming to us.

But in short answer to your question, no, we have not decided that we are going to insist on a higher local match. Public-private partnerships certainly have an opportunity to help us work through these projects, but, importantly, they are not a panacea. We are already only paying 50 percent of the project, so I haven't seen many public-private partnerships come in to say that they want to fund 80 percent of the project.

Mrs. NAPOLITANO. Thank you, Mr. Chair, for your indulgence.

Mr. PETRI. Thank you.

Of course, we all know we are facing a fiscal cliff that could result in a cut of as much as 80 percent for the next year if we don't figure out how to fill in the hole and provide the level of funding we have had in the past in the future. But, anyway, that affects transit and highway and the whole program.

Mr. ROGOFF. Absolutely. This happens to be a general-funded program rather than a trust-funded program, which is why it was sequestered. But you are absolutely right, absent a trust fund fix, we are going to have a nightmare across transit across the country.

Mr. PETRI. Let's see. Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

And I want to thank all of you for being here today. Appreciate that. And I must fully disclose I am from Texas and I–35 is in my district, and I am a car dealer, but I believe in optional transportation. So thank you all for being here.

My question to you, Administrator Rogoff, would be pretty simple. We have touched a little bit about that. But should our transit providers in Texas be concerned that the FTA will focus on, with the scarce resources we have, going to focus on the larger projects at the expense of the smaller projects that may not be built without the assistance of the Small Starts program? Because in Texas we are kind of new at this.

Mr. ROGOFF. Well, not so new.

Mr. WILLIAMS. Well, we have got Dallas and Houston.

Mr. ROGOFF. Right. And they are making good progress. But we are also building bus rapid transit in El Paso. We have done some great bus improvements in Brownsville. I have been to all these places. And we are actually seeing, I think, some visionary thinking on the part of TxDOT, which hasn't always been there as far as transit investments, in places like San Antonio.

So I think the short answer to your question, no, sir, I don't think they should have any reason to be concerned. I think they share the same concern that everyone else has, and that is absent recognition of the funding request in the President's budget, it is going to be hard for us to make progress on projects, whether they are the big projects or the small ones. And we have requests for Small Starts in our budget. We are going to continue going forward. Those are game-changing investments for some of those communities. And we are as vociferously supportive of those as the large projects.

Mr. WILLIAMS. We just want it make sure the small don't get choked out by the big ones.

Mr. ROGOFF. We have no interest in seeing that. And, frankly, with the goal of growing transit ridership and meeting demand around the country, and you heard me say in my opening remarks the reference to the growing number of elderly, giving those smaller communities with high concentrations of elderly some opportunities for folks to stay at home and still have mobility around their community, to shopping and church, is as critical to us as the big city projects.

Mr. WILLIAMS. Thank you. The second part of my question is the Core Capacity improvement program appears somewhat to me that most of the providers in Texas are not going to be able to be eligible for them. Do you have a plan to ensure that our States with developing systems that are, again, somewhat new to this, are afforded the same consideration that others, i.e., in the Northeast and Chicago? See, everybody from Chicago is moving to Texas, and that is the problem we have got, see? But is there a plan, though, to include everybody in it?

Mr. ROGOFF. Yes. We will be coming out with our rulemakings on Core Capacity consistent with MAP–21. But, importantly, I would not presume that the providers in Texas are not going to be able to participate, and here is why. The real threshold requirement to participate in Core Capacity is an improvement to an existing system that is going to grow capacity by 10 percent or more. Given the way light rail has taken off in Dallas and how quickly they have exceeded their ridership expectations, I don't know that they will not be interested in the program. I have not had this conversation with Gary Thomas. But I think if not in the near term, in the not too distant future, as Houston continues to grow, as Dallas continues to grow, they could have eligible projects and will want to participate.

But I think there is a misnomer out there that Core Capacity is just about old legacy systems and is about bringing them into a state of good repair. The statute states clearly, MAP–21 states clearly, that these are not for state-of-good-repair investments, they are for capacity improvement investments, and we are going to be very clear about that and transparent about that as we evaluate these projects.

Mr. WILLIAMS. Well, that is important because we have got tremendous grown, we are new systems, and we want to make sure we have got a dog in the hunt.

Mr. ROGOFF. We will be there.

Mr. WILLIAMS. We appreciate it very much. Thank you all.

I yield back.

Mr. PETRI. Ms. Kirkpatrick.

Mrs. KIRKPATRICK. Thank you, Mr. Chairman.

Administer Rogoff, I want to thank you for your strong support of the Tucson streetcar and your recent efforts to assist the city to make sure that it opens on time. I hope you will continue to keep me and Representatives Barber and Grijalva advised as to next year's opening. So I thank you for that.

Mr. ROGOFF. We are working on it. I just spoke with Mayor Rothschild over the weekend about this and we are working to try and get streetcars out there so by the time the beginning the school year comes to U of A they will have operating service. We are working on it.

Mrs. KIRKPATRICK. That is great. Thank you.

I have three questions. My first question is about MAP–21's 57 percent cuts in bus and bus facility funding. What have been the impacts of those cuts and what are you hearing from your grantees?

Mr. ROGOFF. There is a lot of concern about this, and this was an area where the President's budget versus the budget outline that came out in MAP–21 differed quite substantially. In our budget, we did propose to fold the discretionary bus program into what we called the State of Good Repair program, for which bus operators would be eligible.

What MAP–21 does is it took part of that funding, put it into a state-of-good-repair formula program that was for rail operators only, and then took other parts of that money and spent it else where. And as a result the bus-only operators really did take a funding hit. I suspect it will be something that we will be revisiting in our budget and really might want to be revisited in the next iteration of MAP–21.

We need to remember with all this excitement about rail, the majority of transit trips in America are still taken by bus, and some of those bus operators now are really not going to have a kind of funding stream that will allow them to address some of their biggest investment needs, those big one-time items like a new maintenance facility, a new intermodal center. They may have enough money to replace their fleet, but nothing else, and that is something we probably need to address in the next reauthorization.

Mrs. KIRKPATRICK. Exactly. Thank you.

My second question is do you favor distribution by formula, distribution based on meeting elevated performance measures like small transit-intensive cities, competitive distribution, or a combination of all three, and why?

Mr. ROGOFF. Well, while we are still working on this internally in the Department in terms of what the next reauthorization should look like, I think it is important, what we really want to tackle is the problem that I identified before. And that is how does a bus operator, how are they able to tackle those large investments that are not something they are going to have to cover every year, but at a certain point the maintenance facility needs to be replaced, at a certain point other investments, like converting to cleaner natural gas buses or even electric buses are going to have one-time substantial costs. And we want to be able to make sure there is a funding stream that they could partner in to do that.

As for performance measures, that is something that the administration is interested in across the board. We have not necessarily tackled it specifically to the question of incentives for capital operations of a bus-only operator, but it is certainly something we would be interested in having a dialogue about going forward.

Mrs. KIRKPATRICK. Thank you.

My last question is what funding do you anticipate coming available for reappropriation due to grantees not being able to obligate funds as expected? How will those funds be reappropriated?

Mr. ROGOFF. Well, when funds become available—there are some funds that lapse back, there are some, frankly, old earmarks that never got off the ground—we try to put that back in the programs for which they are eligible. So you will see in the President's budget request for this year, for the New Starts program in fact, the program we are talking about, we have about, I believe it is $151 million that we are asking to regenerate from old bus funding that didn't get used into bus rapid transit requests for the New Starts program.

So if you will, we are sort of buying down some of our liabilities there with unused money before we ask the committee for new money. And I suspect that we would continue that trend as funds became available.

Mrs. KIRKPATRICK. Thank you again. I thank all of the panel for your testimony today and for answering the committee's questions.

And, Mr. Chairman, I yield back.

Mr. PETRI. Thank you.

Mr. Capuano.

Mr. CAPUANO. Thank you, Mr. Chairman.

Mr. Rogoff, have I told you how brilliant your testimony was? As a matter of fact, did you lose a little weight? Because you were brilliant today. You were great today. By the way, have you taken a look at that Green Line extension?

Mr. ROGOFF. If it isn't plainly apparent, there are things that Mr. Capuano wants from the Federal Transit Administration. We have taken a hard look at the Green Line project, as you know. It is in our funding pipeline. Let me just say that the greatest breakthrough, I think, not just for the potential for the Green Line project, but also for reinvestment in the T system broadly, was Governor Patrick successfully getting a funding package out of the State legislature. It was a game-changing package. It enables us now not just to evaluate the Green Line, but as we have discussed before, evaluate the critical ability of the T to reinvest in the lines that it is already operating in a deteriorated state, the Red Line and others, that really need reinvestment.

And we expect to have meetings with Bev Scott up at the MBTA. We are currently evaluating the Green Line project as part of our annual evaluation. That hopefully would play into a consideration for the 2015 budget request. But importantly, we are also going to be having a conversation with the MBTA about their newfound ability to reinvest in the lines that they need to reinvest in.

Mr. CAPUANO. I appreciate that. I know you guys have been great to us and fair to us in many ways. By the way, for the rest of you, I also want to comment that a few years ago Boston had a project that we withdrew—actually you rejected, it was a New Starts project—because it didn't meet the requirements. And it was a great project, like I have not seen a project I didn't like, but it just wasn't financially viable. So it was kind of kicked out politely by the FTA and agreed to by the State because we all agreed to it, and we have added BRTs.

Mr. O'Toole, I want to tell you that I read your testimony in particular, and I was particularly pleased at the end of it where you didn't say cut the program and send the money back. You said cut the program and send the money back towards transit, which means, to me, we may have a difference of opinion on how to do these things, but I wouldn't consider you antirail when you say simply move the money to other aspects. Because I will tell you that in my experience in Boston there just isn't enough money to do capital expansions, capital improvement, ongoing improvement, reduced fares, on and on and on, to actually increase ridership. And my expectation is that the same is true everywhere.

But I would like the hear that, especially from you, Mr. Claypool. Do you have enough money to do everything you think should be done at the CTA?

Mr. CLAYPOOL. Absolutely.

Mr. CAPUANO. You don't want that on record.

Mr. CLAYPOOL. No.

Mr. CAPUANO. I know you don't want that on record.

Mr. Rogoff, did you hear that?

Mr. CLAYPOOL. I was expecting peals of laughter and it didn't come, so I apologize.

No, absolutely right. And obviously local governments do welcome no-strings-attached funding, because, you know, as Jefferson said, the government closest to the people governs best. But, obviously, we have a close working relationship with the FTA and Mr. Rogoff and others. It has been a great working relationship. And the partnership in all our major projects has been sharing between local, city and State. So everyone has had skin in the games in almost all of our major projects, so it has actually worked very well.

But, yes, you are absolutely right that there is simply not enough resources to meet the demands that we have to catch up on some of the legacy repairs that need to be done and meet what is still there. Every year the demand grows in the strong, vibrant cities around the country like Chicago that are economic engines, and this is a big part of that economic engine.

As some of the CEOs that have come to Chicago said so, GE, Google, they said, we have moved in here with our people to be near these corridors of transit. That is why we have come here. So it is part of jobs, it is part of growth, it is part of wealth creation. There is plenty of room for additional investment in that area for sure. Thank you.

Mr. CAPUANO. I appreciate it. Thank you.

My time is almost up, so I am going to yield back. Thank you, Mr. Chairman.

Mr. PETRI. Thank you.

Mr. CAPUANO. Mr. Rogoff, don't forget I told you how good looking you were today.

Mr. PETRI. Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman.

I also think you look terrific. And I have a question. I am going off topic here.

You know, it has been a year since Sandy hit New Jersey, and I was just wondering if you can give me an update, when are you going to start releasing some of the $3 billion funding for transportation resiliency programs that we have on tap?

Mr. ROGOFF. Sure. Well, as you know, Mr. Sires, we have already released $5.4 billion; $1.3 billion of that is for resiliency, which we sent to the agencies by formula, which includes New Jersey Transit, of course, as well as the MTA and the Port Authority.

We are, as we testified I think just a few weeks ago, we are currently developing and noticing a funding availability. We stated then that we will get it out before the end of the calendar year, and we are still on track to do so. So the best answer I can give you is soon, because I don't have a hard date for you, but we have been in meetings to review that document and hear from stakeholders within the last week. So progress is being made, and it will be soon.

Mr. SIRES. Thank you.

You know, I have been involved in light rail where I am from, very congested area. Just to give you an idea, the town that I live in is 1 square mile, There is 51,000 people in it. Hoboken, New Jersey, is the next town over almost, it is about 52,000 people, it is also a square mile.

My experience with the light rail is very different than Mr. O'Toole's. So I was just wondering if you can tell me what your experience with light rails in terms of economic development around the area where the light rail goes through, because my experience in the area is terrific. We have a light rail that moves about 45,000 people a day in this area, and, you know, like I said, it is so congested.

So, I was just wondering, Mayor, and I was a former mayor, too, so I can share some of your experience, both of you guys.

Mr. HUGHES. I would love to take a stab at that. You are absolutely right. We have a new streetcar opening that Administrator Rogoff attended. It was about, what, 12 degrees up there, and we had a city councilman that had a lot to say.

Mr. ROGOFF. And windy.

Mr. HUGHES. And it was getting pretty chilling at the opening.

But anyway, we have had a billion dollars of development that is going around this corridor. And when we talk about subsidy versus not, you have to appreciate this. When you have a platform, when you have rail, OK, the one thing that you may see that communities like myself or the one that I live in would subsidize is the parking or the structured parking where you can't afford to see the footprint go a quarter of a mile of asphalt to accommodate the cars. You may have to preserve that footprint by structuring your parking.

Structured parking in finite areas is infrastructure. I would argue that that is as essential as your curb and gutter. You don't have the market values like you would in a Manhattan or a populated area where the dirt pencils out the structured parking. So there is that portion of it.

But again, if you want to see the people moving, and I chair our Public Education Committee in our State legislature, or have, these technology natives, the emerging workforce, and, frankly, that is what we are here for, we are looking at the future here, they prefer to commute in ways where they can stay connected. It is a qualify-of-life issue. These stops where this development is naturally drawn, we are just trying to accommodate it through smart infrastructure. But it has become a catalyst for development.

Mr. COLEMAN. Mr. Sires, thank you for the question. We are 6 months away from the opening of our line before the first passenger fare is paid on that line, and we have already seen $1.2 billion worth of investment on it; 7500 units of housing that are planned are already under construction.

But even beyond the bricks and mortar, the change in what is happening in that community in terms of who is coming to it, the demand for housing, the vibrancy of that, the restaurants that are opening up, the restaurants and the businesses that are reinvesting in their businesses, we have had a very expansive bus service through this corridor for 40-plus years since they tore out the streetcars and built the freeway, but we never saw this type of investment. We had 40 years of disinvestment.

And what we are seeing is a revitalization. And it is not one that pushes people out and puts new people in place. It is a revitalization that is truly lifting all boats, as well as bringing in new investment. So whether you are a new immigrant or you are a multigenerational resident of the area, you are seeing the benefits of this line long in advance of it actually opening up.

Mr. SIRES. My time is up. Thank you very much, Mr. Chairman.

Mr. PETRI. Thank you.

Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

It has been a while since I visited the CTA, Mr. Claypool. What is your current backlog of deferred maintenance, you know, capital that is past its lifespan.

Mr. CLAYPOOL. There are some figures from the regional transit authority, which I think are exaggerated, so I don't want to cite them. But clearly it is in, you know, the billions and billions of dollars. Currently under Mayor Emanuel we have launched the most ambitious modernization and State of Good Repair program in the CTA's history, $4 billion in a 5-year period, and we are well on our way to bringing our system up to a state of good repair.

It is going to take a number of years. It is going to take a lot of money. And, frankly, we can't do that and also meet the ridership demand and the growth opportunities that we have without the assistance of the Federal Government through this program, and that is why it is so critical.

Mr. DEFAZIO. OK.

Mr. Rogoff, what is the national number we have now. I haven't seen that for a while either.

Mr. ROGOFF. Well, we were at about $87 billion.

Mr. DEFAZIO. Eighty-seven "B" billion?

Mr. ROGOFF. That would be a billion with a "B." Excuse me. I transposed my digits, I think. It was $78 billion.

Mr. DEFAZIO. OK.

Mr. ROGOFF. But we, obviously, even with the investments we are making with our new State of Good Repair program, and importantly to point out some leadership by the States that are raising revenues to reinvest, we still are growing more than we are buying down the backlog since we published that number probably

3 years ago. We have not updated the number. It may be time to do so, and I will take that back because we should probably have more updated numbers for you.

Mr. DEFAZIO. OK. I want to thank you for the work you did early on in tightening up some of the Buy America requirements, and I would observe that were we to make those investments we would create one hell of a lot of jobs.

Mr. ROGOFF. We are very proud of, when we were first coming into office having almost 53 Buy America waivers a year, and we are now down to 3, and we are not happy about the 3.

Mr. DEFAZIO. Yeah, we want to get to zero, but that is great.

Mr. ROGOFF. Our goal, too.

Mr. DEFAZIO. We will get people working on it.

You know, I think the chairman brushed on this, but I would really like to focus a moment. Looking at the exhaustion of the trust fund in fiscal year 2015, if Congress come up with new sources of money before October 1st next year, what would that do to the transit programs?

Mr. ROGOFF. Well, the vast majority of our funding, some 80 percent of it, unlike the New Starts program, comes from the trust fund. And we obviously cannot be obligating dollars to the Nation's transit agencies without having cash behind them. We have processes in place on how we would seek to manage cash, but I think it is important for folks to understand our agency used to be called the Urban Mass Transit Administration up until ISTEA in 1990, and people kind of view it as an urban program.

The reality is, is that the Federal dollars are much more critical in terms of a percentage of their total annual budget to the suburban and rural operators than they are to the biggest urban systems. Now, if we had to allocate a cut consistent with no restoration of the trust fund to cities like Chicago and Minneapolis, it would have a very big hit, but to many of the, like I said, suburban, exurban, and rural operators, the Federal money is 100 percent of their capital budget. And the Federal money in a lot of those communities also pays for transit operations. So we could see whole operations close their doors if there was literally no restoration and we really did fall off the cliff that Chairman Petri was referring to.

And right now we are taking a very careful look at when this scenario actually hits. We are hopeful but not at all assured that we are going to get to 2015, and we are currently reviewing those numbers to figure that out.

Mr. DEFAZIO. So it might happen before fiscal year 2015?

Mr. ROGOFF. We are currently looking through the numbers, but if we get to 2015 it will be on fumes.

Mr. DEFAZIO. OK. Fumes.

Thank you, Mr. Chairman.

Mr. PETRI. Mr. Nolan.

Mr. NOLAN. Thank you, Mr. Chairman. And I want to join the other members of the committee in thanking the panel for being here today.

And I particularly want to thank and congratulate Mayor Chris Coleman from St. Paul for the work that you have done in the Central Corridor light rail and pointing out to the committee the tremendous economic benefits that have flowed from that, not to mention the fact that the quick and easy availability of an alternative transportation mode for some 44,000 people.

In the interest of keeping pace with Mr. Capuano, we will be counting on you, as well as you, Mr. Rogoff. We have got what is known as our Northern Lights Express that we are planning to take the people from the Twin Cities metropolitan area up to our shining city by the sea and great seaport of Duluth, as well as the North Star heading up through the tourism areas of the northern part of our State.

And I remind all here that the interstate system and the Federal-State highway systems going north out of the Twin Cities metropolitan area, as well as the rest of the metropolitan, are rapidly becoming slow-moving parking lots. And the fact is, is that we need to get very, very serious here about exploring and finding more ways to better fund light rail, and for that matter heavy rail passenger transit in this country.

So I commend you, as well as Mr. Hughes and Claypool, for the work that you are doing, and rest assured that the majority, I believe, members of this committee on both sides of the aisle here appreciate the work that you are doing and are committed to finding more ways to provide some efficient, stimulative, pro-growth, job-creating, convenience-creating alternatives to our Federal-State highway system. So I thank all of you.

And, Chris, you in particular, we are so thrilled that you are now leading the National League of Cities and taking the great leadership that you have provided in our capital city of St. Paul and our Twin Cities metropolitan area and sharing that with other mayors around the country. Thank you for being here.

Mr. COLEMAN. Thank you, Congressman Nolan. And I appreciate those comments, but I also appreciate your kind of thinking about the weekly exodus from the Twin Cities to parts of not only northern Minnesota, but for the chairman's benefit, a lot of my weekly paycheck goes to the great State of Wisconsin as a cabin owner in northwestern Wisconsin and a father of a University of Wisconsin student. I feel actually I should be a mayor of some town in Wisconsin just honorarily at the very least. But it does create a huge problem as we really try to figure out how to expand that economic reach into all parts of the State and really the region, including western Wisconsin, because we are getting congested in every different direction from the cities.

So I think, you know, this isn't is a single bullet approach. This is a multimodal approach. This is improving our roads. It is improving our transit systems and bus rapid transits and light rails and all those things. I think that the reason why it is working so well in the Twin Cities area is because there is a recognition that a true multimodal transit system is the best way that we are going to serve all of our interests.

Mr. NOLAN. Thank you

Mr. PETRI. Ms. Esty.

Ms. ESTY. Thank you, Mr. Chairman.

I want to thank the panel for being here today.

As we look towards the reauthorization of MAP–21, it is important for us to consider the current status of the New Starts program in order to improve performance in the years ahead. The FTA has full funding grants authority on 17 projects and one of those is in my district in New Britain, Connecticut. Those agreements represent approximately $14 billion in funding commitments, but the New Starts program was appropriated slightly less than $2 billion. Furthermore, the funding for these projects is doled out in predetermined annual amounts, and depending on variabilities and construction schedules, this can leave projects without adequate funding when it is needed, which then ends up raising the cost of projects by forcing sponsors to borrow money to make up the funding difference.

For Administrator Rogoff: Is there anything that we can do here in Congress to improve project coordination and funding flexibility to prevent the kind of scenario I just outlined where we are actually raising the cost of projects? And are there any unnecessary restrictions that prevent the FTA from expediting review and analysis of spend work plans to maximize construction time and improve performance?

Mr. ROGOFF. Well, thank you for the question. We are dismayed, obviously, that in 2013, for the first time in anyone's memory, we were not able to provide the amounts articulated in our full funding grant agreements. It is ironic, people, project sponsors have complained of the extraordinary rigor and requirements that we put on project sponsors to demonstrate to us that they can pay their share of the project. So what has happened in 2013, is the FTA that can't pay its share of the agreement. And we obviously want to get back on track with not only our existing agreements, but the ability to bring more projects into the program.

The solution to that, from our perspective first and foremost, is to fund the President's budget for the program, and that will go a long way toward getting us back on track.

As far as the processing of projects, we have already done a good bit, both when we first came in, in 2009, on streamlining our processes, and then MAP–21 helped a lot, because there were certain streamlining measures that we really couldn't entertain because the process was fixed in statute, and MAP–21 went a long way to doing that.

Now, are there opportunities for yet more streamlining and efficiency? Yes. In fact, I just cited one in my oral remarks. We have recently, just in the last couple of months, put out a new planning tool for forms of travel forecast modeling, which we require of all the sponsors to really show us that the ridership is going to be there. Earlier, I believe, actually Mr. O'Toole was talking about consultants. Well, normally, transit agencies have to pay these consultants quite a lot of money do a very voluminous study to forecast ridership numbers. We believe that the model that we have now come up with is certainly adequately accurate for our purposes and could take anywhere from a year to 2 years off just that requirement alone.

Earlier, when I first came into this job, the FTA had an alternatives analysis process that was separate and distinct from the NEPA-required alternative analysis process. There was no need to have those duplicative processes, and we got rid of it.

So progress is being made. There is more progress yet to be made. But we share your desire to move projects through pipeline more quickly. We need there to be funding at the other end to participate.

Ms. ESTY. I think we can agree on that. And again, we appreciate your work on leaning these processes, so more of these funds, which are more limited than we wish they were, really are getting on the ground, making a difference in communities. And I think we are all very well aware. I was meeting with folks at home last week, and the folks in the construction industry were saying they are looking very seriously at transit-oriented development for our smaller cities in Connecticut because for the demographic reasons we have talked about. Young people want to live in cities. They don't want to drive cars. I have three of such young people, and, you know, only one has a car and it is 14 years old, and I don't think there will be a replacement when that dies.

And that really is different. And we also have an aging population. For both of those populations it is going to be vitally important that we explore all ranges of transit and include things like light rail, make it more possible, buses, light rail, metro systems, to make it possible for people live where they want to live, including in our cities, and get to other cities without cars. So thank you very much for your work.

Mr. PETRI. Thank you. We have a little time, and I have a few questions. If anyone else wants the opportunity, please indicate so as well.

I have two questions, one for Administrator Rogoff and then one for the representatives of the different transit operations. Congress added Core Capacity projects to New Starts eligibility and specifically did not increase the amount of money authorized. So how will the FTA balance this new category of projects with the existing demands for traditional New Starts projects?

Mr. ROGOFF. Well, Mr. Chairman, we have actually requested more funding in the budget than is authorized, in part, and the President, in his "fix-it-first" initiative, included a large element, about $500 million, to really jumpstart the Core Capacity program. And the "fix-it-first" initiative, it was not bound by those authorization levels. We, obviously, as is existing in a number of areas within the transportation budget, not just the FTA, there is a difference between the authorized levels in MAP–21 and the actual budget request. I think this is a critical question going forward for the replacement to MAP–21, and that is, what is the appropriate levels for these programs? Especially this one, being a generally funded program, while it has its own challenges, and the biggest having been sequester this past year, it is not subject to the limitations imposed by the trust fund, since it comes out of the general fund, and we want to continue to make progress to accommodate not only the projects in the pipeline on the New Starts side, but get the very significant ridership increases that we could get from these Core Capacity projects in existing systems.

Mr. PETRI. The other question for the transit authority representatives is that each of you mentioned the significant economic developments associated with transit-oriented development that took place along the corridors. To what extent were you able to leverage that private sector investment to support the cost of building the projects through TIF-like districts or tax incremental or whatever, and what are the impediments to capturing that increase in value for the transit operations now?

Mr. HUGHES. Let me say, Mr. Chairman, I appreciate that question. There are barriers to entry when we talk about this. As I mentioned, the parking. The structured parking is one of the biggest challenges in terms of getting transit-oriented development around these platforms.

In our case in Utah, the transit authority did not have condemnation authority. So when you go about purchasing corridor, you are sometimes buying in excess land that you don't necessarily need. There is probably a combined 80 acres of land around these platforms that could be used and parlayed into development. This would be land that right now is not on the tax rolls of counties or cities that we could put back on the tax rolls and bring development to it.

And that is what you have seen, and I have mentioned, along the Sugar House line, the streetcar that just opened, we are seeing that happen. We have used tax increment financing, or counties have, to help with the structured parking, but there is only so much. We have talked today and I have heard that, you know, there is more needs than there is ever resources to address.

And I think that one of the barriers we have to overcome is how we talk about structured parking and is it a public infrastructure that allows for more development to happen around those platforms? That is an area that we are working on. Because UTA has this land, we are trying to find ways to parlay the value of that land with public-private partnerships and see that draw more and more development to those areas.

But that would be the answer. The answer is, it is there, and you have to have high density if you are going to do it, and with that high density there are some inherent costs that are different than maybe your traditional development that can afford asphalt and surface parking.

Mr. ROGOFF. Mr. Chairman, if I could just speak to that real quickly. We would have a great interest in having a dialogue with the committee on how to improve this paradigm going forward, because not just in New Starts projects, but in major transit capital improvements around the country, whether there is significant Federal participation or not, we are seeing greatly increased tax revenues without having to enact a tax increase because they are bringing more dollars into these municipalities.

The great challenge is to get those municipalities to recognize that and put that money back into the transit agency that needs it for things like operations and maintenance of the line they built, and that has been a huge frustration. When we look at the extraordinary amount of taxable value we have created with these investments, there needs to be some broader recognition about the need to reinvest that into the system or we will have state-of-good-repair problems with comparatively new investments if we don't keep up with maintenance and operations.

And that has certainly been a problem. When you think about a city like Chicago where Forrest Claypool is and the amount of value that the CTA service represents and the annual struggle that he has to go through to meet payroll and do all of his maintenance, which have been particularly acute in some recent years, we need have an open-minded discussion of how we can do better by that.

Mr. CLAYPOOL. It is a very good question, Mr. Chairman, and I do think value capture, as we describe what you are describing, is something that is a potential in projects of this size and scope. As I mentioned in my testimony, the fact that in 2011 one-quarter of all city of Chicago building permits issued were within a half a mile of the Brown Line stations that had added Core Capacity and been improved, and the median home values near the Brown Line increased by 40 percent, and that would be for commercial activity as well.

So when a project like this does come along, we do believe that it creates wealth, we do believe it raises property values, and there is a concomitant potential for a value capture that could be a part of a project, including a public-private partnership. So I think that is something we definitely would look at and I think individuals throughout the country should look at.

Mr. COLEMAN. Mr. Chair, if I may add, there is the beginnings of a program similar to that in Minneapolis. The State legislature has authorized a value capture situation for a streetcar buildout. It is a narrow exemption right now in the tax increment laws. So that we are going to see how well that works and how well that facilitates buildout of streetcar lines and other infrastructure projects like that.

But I do want to just add, you know, every time the representative from Salt Lake speaks, I just remember how jealous I am of the system that they built out there, not because they have the most miles or because they have these fancy cars, but because I see how it is transforming that community. And so as a mayor of a medium-sized Midwestern town who sees the competition that we have to attract talent, to attract companies, to attract our future workforce, and I see what Salt Lake is doing, what Denver is doing, what Dallas is doing, this isn't just a race to build out a fancy new line. This is a race for relevancy and a race for vibrancy.

And that is the real competition that we have here. As we project out the economy of the Twin Cities, we have a very strong base of almost 20 Fortune 500 companies, but we can't continue to attract the talent that we need to staff those companies and to grow those companies unless we have the kind of amenities, the kind of communities that can be built through things like great transportation networks, as has been mentioned by a number of speakers, the changing nature of how young people commute and get about.

So this is critically important for the future of our communities if we are going to be strong and we are going to be economically vibrant.

Mr. PETRI. Thank you.

Ms. Napolitano.

Mrs. NAPOLITANO. Yes, sir.

That brings up the question again of public-private partnerships. Has the League of Cities begun to look at the possibility of facilitating the Wall Street investors to be able to come in and look? And would it make any difference in being able to do prioritization of projects if they had additional funding through public-private partnerships? Since there is an increase in economic benefit to the areas, why are we not looking at being able to marry them and being able to be a little bit more proactive in that area? Anybody?

Mr. COLEMAN. Just with respect to, Ms. Napolitano, to the National League of Cities, I don't know that we have begun that conversation. Someone from NLC can poke me if I am wrong on that just in terms of that kind of investment capital.

But I think it is one of the things that has been helpful as the New Starts program has looked at some additional criteria, is to really see what the economic vitality and potential is and not just react to existing kind of traffic patterns and existing population patterns, but to determine whether or not, whether it is through public-private partnerships, with land banking, whatever it might be, whether there is an opportunity to say we are going to shape how our communities are going to grow because we are going to build our transit lines to certain areas.

In my community, for instance, we are studying the River View corridor where one option would be move, whether that is BRT or some other, potentially LRT, but we are looking a all molds. We have an old fort site with 130 acres in the middle of the city of St. Paul on the banks of the Mississippi River, 5 minutes from the airport. Right now that is vacant. So under traditional criteria that wouldn't, you know, obviously, meet ridership capacity or considerations.

But if we start thinking about what we could create there if we are building transit in from the beginning of the conversation as opposed to at the end of the conversation, then it opens up a lot more desirability for that kind of investment and for, quite frankly, all along that corridor. So it is an important consideration that I think we need to look at more.

Mrs. NAPOLITANO. Mr. Rogoff.

Mr. ROGOFF. Well, I think Mayor Coleman has identified a new opportunity, and that is, there is a universe of projects that would not pencil out immediately in terms of Federal participation. Where they can have private partners that want to take the risk, they would certainly be most welcome. It is sort of betting that the development will follow.

I will tell you that this preceded the Obama administration coming in, but there was a pilot program for new public-private partnerships in the transit space. Three projects were selected, but only one of them, part of the Fast Tracks Program, the so-called Denver Eagle projects in Denver, Colorado, was built. In the other two instances, the private players left the building because of the recession largely.

I think it is important to recognize that at least traditionally in transit, where the public-private partnership has come in, it has been on the financing, and often on the financing of the local match, and there a lot of that is just replacing availability payments long into the future, sometimes from the legislature, sometimes from local taxation for local tax dollars that are made available more immediately.

We have a saying in the FTA that if you have seen one project, you have seen one project, because it is really true that no two of them are alike in terms of their financing structure and what they are necessarily trying to achieve. We have been trying to be as open minded as possible to include public-private partnerships in having people bring their financing package to us. Our principle remains the same. We just need to know that the local financing will be there to match ours.

I think, importantly, we are much more, when we evaluate the risk of a project, and here I mean cost and schedule risk, we are much more sympathetic and interested in projects where they really have transferred some risk to the private partner as opposed to having someone who is just going to come in as a lender and accept no risk, but might accept some of the upside potential. There really needs, I think, ideally to be some risk transference that sort of relieves the taxpayer of upside cost risk, and that is where we really get the benefit of the public-private partnership.

Mr. HUGHES. I think you are on the right track. This is one of the areas that I think that we could engage the private sector. If you look at Hong Kong, this is Communist China, they are paying for their mass transit through the development above their stations. It is an amazing sight to behold.

The challenge is, sometimes, if you have a developer that said, look, I will go in half on the parking structure, I will go 50 percent, you go 50 percent, well, federally built parking structures are not necessarily the same 50 percent that a private developer would pay for that cement structure, and 50 percent of Davis-Bacon and all the things required for a Federal project, your developer says, well, wait a minute, that is like 100 percent if I built that amount of stalls on my own at this development away from your platform.

So sometimes we have to find out where some of the regulatory climate can be dealt with to keep some of those barriers that we have created, not intentionally, but as an unintended consequence. But it is absolutely critical to see this done in a more comprehensive way with the private sector.

Mrs. NAPOLITANO. Well, to me this is where the organization can begin looking at all those aspects and begin to put them in perspective so that you can then begin to do the outreach and get them in as partners to be able to relieve not only the constituency, the Federal Government, and also provide the service to the community.

So, to me, we talk about it, but we are not really delving into it, we are not really asking them to come in and say, what are your rates, what do you require, what can you do, what will you do, and will you work in partnership with the communities who are trying to develop more business in the area, which is going to be beneficial to the local economy. So, you know, I had asked that you maybe keep that in mind as you move forward because to me that is, again, thank you, something we will be facing in the near future.

Green technology, development of those green areas in the parking structures to be able to put in the plug-ins for electric vehicles, being able to help the community do all kinds of other things in multiuse buildings. And so there is all kinds of things that could come from those partnerships that would benefit an investor.

So, thank you, Mr. Petri.

Mr. PETRI. Thank you. Thank you all for your testimony again.

And I would ask unanimous consent the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in the record of today's hearing. Without objection, so ordered.

The subcommittee stands adjourned.

[Whereupon, at 3:40 p.m., the subcommittee was adjourned.]

STATEMENT OF

**THE HONORABLE PETER M. ROGOFF, ADMINISTRATOR
FEDERAL TRANSIT ADMINISTRATION**

ON

THE CAPITAL INVESTMENT GRANTS (NEW STARTS) PROGRAM

**BEFORE THE
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT
U.S. HOUSE OF REPRESENTATIVES**

DECEMBER 11, 2013

Chairman Petri, Ranking Member Holmes Norton, and Members of the Committee:

Thank you for the opportunity to highlight the success of the Federal Transit Administration's (FTA) Fixed-Guideway Capital Investment Grants Program (commonly referred to as New Starts). I also want to thank this Committee for supporting authorizing legislation that has helped to strengthen and enhance the efficiency, integrity, and impact of this program over the years, including, most recently, through the Moving Ahead for Progress in the 21st Century Act (MAP-21).

Since its inception nearly four decades ago, the New Starts program has grown into one of the Federal government's most transformational investment partnerships, typically funding roughly half the cost of competitively selected new and extended light rail, commuter rail, heavy rail, and bus rapid transit (BRT) systems built in the United States. Working closely with state and local partners—in response to community-based demand for new and expanded transportation choices—FTA has signed 120 Full Funding Grant Agreements for New Starts projects over the course of the program's history and 20 grant agreements for Small Starts projects since the separate inception of that program (for projects seeking $75 million or less) in 2005. Taken together, these investments support the construction of much needed capital transit systems that improve mobility and access to jobs for millions, while expanding the capacity of our transportation networks and contributing to cleaner, greener neighborhoods, and improving the quality of life for residents and local businesses.

The Administration strongly supports the New Starts program as an important ally in the effort to ensure that Americans willing to work hard in this country are offered a chance to succeed in the 21st century economy; to provide a safe and secure transportation safety net for senior citizens as they age in place; and to help revitalize cities and towns all across the nation that were hit hard by the deepest economic recession since the Great Depression. To achieve these objectives we must build efficient, modern, and connected transportation systems that offer citizens more and better ways to travel between work, home, school, medical care, and recreational activities that are the lifeblood of any community.

Looking toward the future, our nation will require more, not fewer, transportation choices to ensure we can grow and compete in the 21st century and accommodate the nation's changing demographics and preferences. The U.S. Census projects that the country will add roughly 120 million people between now and 2060—expanding the nation's population by about a third. The number of people 65 and older will more than double over the next 50 years, and these aging citizens want to remain mobile and independent for as long as possible. Meanwhile, our nation's most populous cities are continually choking on congestion. The only way we will generate an economy that can create jobs for these additional citizens is by addressing this congestion to better move people and freight. And the FTA New Starts program is part of that solution.

The Administration has sought to increase funding for the New Starts program in its budget proposals each of the last six fiscal years because the President recognizes that in the face of social changes like these, we cannot simply build our way out of our infrastructure crisis with roads alone. We need a balanced approach—an approach that is inclusive, where investments in roadways, bridges, and airports are complemented by flexible public transit options linking suburbs with cities, and rural counties with employment centers. FTA is also approached by communities that not only want to improve public transit options *within* their jurisdiction, but also to promote transit investments that connect one city with another city via regional public transit services, thereby linking major job centers. For example, the Central Corridor light rail system now under construction links downtown Minneapolis with St. Paul; and the initial Sun Rail line will link downtown Orlando with Seminole and Volusia counties in Florida, among others.

The New Starts program also has broad-based support among governors, mayors, local council leaders and their constituents across party lines in every region of the country because they have experienced first-hand what this program delivers. Indeed, New Starts is responsible for introducing major transit systems in cities where high-quality transit was virtually nonexistent a generation ago. In Dallas, for example, residents agreed to a small tax increase to fund alternatives to severe congestion. Today, Dallas operates more miles of light rail transit service than any city in North America—helping to transform one of the most auto-centric cities in the nation and unleash tremendous economic development. The Dallas-based Green Line, funded in part with a $700 million New Starts construction grant agreement, has generated $5.6 billion in economic impact and 48,000 long-term jobs.

In fast-growing Charlotte, North Carolina, construction is under way to extend the LYNX Blue Line light rail service from downtown Charlotte to the city's University of North Carolina campus—effectively doubling the length of the current line, which takes 16,000 riders a day to many of the Fortune 500 employers based in Charlotte, while providing an alternative to sitting in traffic on I-85.

Across the Wasatch Front in Utah, New Starts investments have contributed to the state's ambitious and recently completed plan to build 70 miles of transit rail in seven years, resulting in four new light rail lines and a commuter rail service that have more than doubled the state's transit capacity at a time when the population is growing more than twice as fast as most other states.

And in Arizona, the New Starts program contributes to the Valley Metro light rail system that connects two of Arizona's fastest-growing metro regions, central Phoenix and the suburbs of Tempe and Mesa, spurring new residential and commercial development along the corridor while providing convenient, reliable access to Arizona State University and Sky Harbor International Airport.

FTA's partners in the New Starts program—state transportation leaders and local transit providers— estimate that transit-related construction on capital projects funded over the last two years alone will generate more than 165,000 good local jobs, while opening the door to many more new permanent jobs generated by new housing, commercial, and retail development that occurs alongside transit corridors.

At the same time, in cities where demand for existing rail transit service has grown significantly in recent years, such as Boston, Chicago, New York, San Francisco, and Washington, D.C., New Starts investments have been critical to extending service and augmenting capacity. Maintaining a Federal commitment to the nation's oldest rail transit systems in the most densely populated regions of the country is vitally important to keeping these major urban economies moving forward, in a sustainable way, in the 21st century—which is why FTA has continually proposed boosting funding not just for the expansion of these systems but for critical investments to keep these essential systems in a state of good repair.

In addition to the many successful rail transit projects funded through New Starts, communities increasingly turn to the program for help building BRT systems that, done right, provide expedited service to major employment centers, while helping to take more cars off local highways and provide a comfortable, convenient ride for commuters. The New Starts program has funded a growing number of BRT projects in cities such as El Paso; Grand Rapids; Cleveland; Seattle; Eugene, OR; Kansas City; Austin; and between Hartford and New Britain, Connecticut. In FY2010, FTA made history by committing Federal funds (through the companion Small Starts program) to the first rural BRT service in the nation, enabling thousands of workers from rural Colorado, near Roaring Fork, to save hundreds of dollars on gas each month and reduce wear-and-tear on commuters driving to jobs in Aspen—roughly 70 miles round-trip. The newly opened service attracted 64,000 riders in September 2013 alone, and has cut commuting times in half.

To preserve the integrity of the New Starts program as its impact grows around the nation, FTA has worked diligently to improve its capacity to oversee and manage the billions of dollars traditionally awarded annually to state and local transportation providers, and ensure that taxpayers' transportation dollars are wisely spent. The Administration has been committed to streamlining and consolidating core programs to improve efficiency and become even more responsive to local transportation priorities—while saving money along the way. Specifically, we recognize it is vitally important to strike the right balance between good stewardship and the need to advance capital transportation projects in a reasonable timeframe. We have never lost sight of the fact that the New Starts program brings taxpayer dollars back to communities to improve the quality of life in neighborhood after neighborhood, and all along Main Street. We must be responsible stewards of those dollars.

That is why, in recent years, FTA has taken additional steps to improve the New Starts program's accountability, to streamline its administration, and to allocate resources to projects that truly make a difference. These efforts are greatly enhanced by provisions in MAP-21 that acknowledge the reality of operating in a highly resource-constrained environment. MAP-21 places new emphasis on improving the efficiency of grant program operations through consolidation of some programs; streamlines some grant processes; and renews focus on improved public transportation access, operating conditions, and safety.

For example, managing project costs is a key area where FTA has made strides, both under the prior authorization, SAFETEA-LU, and under MAP-21. New Starts project sponsors are required to produce an annual *Before and After Study* that assesses the impact of their New Starts projects, compares predicted versus actual construction costs, service levels, project scope and ridership after projects have opened, and provides other performance-based metrics to FTA. These studies are enormously useful in generating "lessons learned" and informing FTA's decisions on future proposed projects under MAP-21. FTA is grateful to the Committee for supporting requirements like these studies, which contribute to the likelihood that New Starts projects will be started on time and finished on budget—without waste, fraud, or abuse of taxpayer dollars. In an effort to provide transparency, previous studies are posted on the FTA's public website.

In a recent analysis of six New Starts projects, all but one generated higher than predicted ridership and completed construction on par with the estimates. These studies have been instrumental in helping FTA refine and implement a valuable new risk assessment approach that builds in unallocated contingency. The information in past and future studies will greatly aid FTA's ability to determine appropriate levels of contingency funding for project budgets; whether predicted operations and maintenance costs fall within a reasonable range; and when, in the Capital Investment Grant lifecycle, it is most advantageous for FTA to conduct detailed reviews, including risk and financial capacity assessments.

The New Starts process has also been significantly improved as a result of streamlining efforts and a change in the way project benefits are evaluated. In January 2010, for instance, then-Transportation Secretary Ray LaHood sought to change how major transit projects were selected to receive Federal financial assistance from FTA. As part of this initiative, FTA rescinded restrictions issued in March of 2005, in order to place more emphasis on the full range of factors that would be considered when evaluating transit projects seeking Federal matching dollars. By giving greater emphasis to evaluation criteria concerning environmental benefits and local economic impact, we made it possible for FTA to consider a variety of projects that might better meet a community's needs, including streetcars and rapid bus services.

Congress has also called on FTA to reduce the time required to get capital transit projects constructed and reduce the administrative burden on project sponsors. We've taken numerous steps over the last five years to achieve these goals, laying a solid foundation for additional improvements under MAP-21. In January 2012, about nine months prior to the enactment of MAP-21, President Obama called on Federal agencies to cut red tape in construction projects. Accepting that challenge, then-Transportation Secretary Ray LaHood proposed to streamline the process and make funding decisions more responsive to local needs. FTA fully recognized that its process for selecting big capital projects, while historically successful, was generally more complicated than might be necessary. We therefore pursued a number of common-sense changes that will help local project sponsors potentially shave six months or more off the time that is now required to move major projects through the New Starts pipeline.

This streamlining effort marked the culmination of more than two years of public outreach to identify ways to cut red tape, reduce regulations for communities seeking Federal funds, and help get critical transit projects under construction more quickly without compromising a stringent project review process. The changes are estimated to save project sponsors almost $500,000 annually by requiring less time-consuming paperwork, eliminating the need for the sponsor to compare their project to a hypothetical baseline alternative that the community does not want, and allowing certain projects to pre-qualify for automatic ratings. Such changes will make a big difference to communities throughout the United States that need more mobility, and better access to jobs, sooner rather than later. And we anticipate additional efficiencies and the benefits of accelerated project delivery will be realized as a final rule implemented in January 2013 triggers additional improvements.

Since MAP-21 went into effect, FTA has continued to improve processes related to New Starts planning. For example, FTA recently rolled out a new tool to help project sponsors estimate transit trips on proposed projects. The new method, known as Transit STOPS, is expected to reduce the length of time needed to develop ridership forecasts from as much as two years to as little as two weeks—and save project sponsors as much as $1 million on consulting and administrative costs normally incurred during this process.

Another significant change in MAP-21 that will impact the New Starts program's effectiveness is the greater emphasis placed on performance based planning. In brief, this effort to impose greater levels of accountability and discipline on the metropolitan planning process will require communities to prioritize and justify their commitments to projects competing for increasingly limited resources. Additionally, under MAP-21, states are expected to significantly strengthen the performance and financial rigor of their transportation plans and programs, and increase their collaboration with small urban areas (fewer than 200,000 in population), and non-metropolitan areas, whose transportation needs and priorities are incorporated as part of the statewide transportation planning process.

These areas of continuous improvement are coupled with a consistently rigorous application of oversight activities that include risk assessments, triennial reviews and financial management reviews of New Starts projects and project sponsors. As a result, FTA has compiled an outstanding record as a responsible steward of Federal dollars. Over the past 10 years, four of every five New Starts and Small Starts projects were completed well within their cost estimates and baseline schedules or are well on the way. And a recent independent review of the FTA Capital Investment Grants Program by Deloitte Consulting found that FTA had zero improper payments in the billions of dollars of Federal grant funds awarded in the two years that were sampled, 2010 and 2012, meaning that virtually every Federal dollar committed to a New Starts project during that period was used in a responsible manner, for eligible purposes.

FTA's ongoing efforts to scrutinize New Starts investments to ensure they are fiscally sound, and entail acceptable levels of risk, are especially important as local demand for these projects rises. In FY2011 and FY2012 combined, FTA signed more capital construction grant agreements for transit projects than in any two-year period in the agency's history. And in FY2012 alone, FTA's New Starts/Small Starts program provided more than $2 billion for capital projects to help build light rail, heavy rail, commuter rail, and BRT projects—a level of investment in keeping with prior years.

Unfortunately, recent budget cuts and spending reductions imposed by sequestration take a real toll on infrastructure construction—reducing construction-related job starts and imposing additional financial and social burdens on low-income families, seniors, and other transit-dependent populations that genuinely rely on transit as a life line to reach jobs, medical care, and other vital services.

In FY2013, FTA had more than 30 New Starts projects in the pipeline—backed by local project sponsors hoping to receive construction funding to support projected ridership levels exceeding half a million people daily. These proposed projects would collectively add more than 320 new miles of transit service to communities that need more robust transportation choices to address congestion, mobility, and the need for new economic growth. In Boston, for example, the proposed MBTA Green Line extension to the nearby city of Somerville would put 80 percent of Somerville residents within walking distance of a transit station—connecting thousands of residents to academia, jobs, and healthcare services.

But FTA was unable to make new funding commitments for any of these 30 projects—and for any new transit rail or BRT projects anywhere—for the first time in roughly 20 years. The final FY2013 appropriation for New Starts was $380 million below the President's request. The reductions were partially attributed to the automatic spending reductions under sequestration. As a result, FTA reduced the FY2013 payout level of all existing construction grant agreements for major capital projects. Sequestration also adversely impacts local jurisdictions' budgets as unanticipated finance charges accrue on major capital projects for which local governments must continue to build and pay invoices, while the Federal payments that local project sponsors had anticipated receiving are slowed down by late appropriations, and then reduced by sequestration. These delays in Federal payments often increase financing costs for state and local governments.

Current and future program cuts could also jeopardize Core Capacity projects. This new category of eligible projects—part of the Capital Investment Grants Program under MAP-21—must expand capacity by at least 10 percent in existing fixed-guideway transit corridors (such as subways and commuter rail) that are already at or above capacity today, or are expected to be at or above capacity within five years. There is tremendous pent-up demand for these targeted capacity expansions, but currently no additional funds have been provided for the program to help advance these projects. The need for these core capacity investments is demonstrated by the fact that four billion trips are made each year on transit systems in just six regions with rail service: New York; Washington, D.C.; Chicago; Boston; San Francisco; and Philadelphia. These are not only the highest-demand transit systems; they are also among the oldest and most congested in the country. Improving these existing corridors to increase capacity to allow even a small increase of only three percent in transit trips would equate to more than 120 million trips annually. That gain in ridership would be equivalent to nearly half the ridership gains expected from New Starts projects in FTA's pipeline today.

The Administration seeks to restore momentum to the Capital Investment Grants Program, and provide sufficient funding for the new Core Capacity eligibility under the program, in the proposed FY2014 budget. The President requests $19.91 billion in this budget to strengthen transit safety oversight, bring bus and rail transit infrastructure into a state of good repair, and provide new and expanded transit systems in communities nationwide. The President's request highlights $9 billion for immediate transportation investments, including $500 million to fund the Core Capacity Program; $6 billion to address transit state-of-good-repair needs; and $2.5 billion for urban and rural transit programs. This budget request represents a strong commitment to effective implementation of MAP-21. In this proposed budget, FTA recommends funding 19 ongoing New Starts/Small Starts projects under construction in 10 states, completing the FTA funding commitment on five of these—some of which should have been completed in FY2013 but could not be because of the reduced appropriation. The budget also recommends funding for eight new projects not yet under a construction grant agreement that were proposed for funding in prior years, but which did not receive funds under the reduced FY2013 appropriation.

But these plans to restore progress on New Starts projects are far from certain in the current fiscally austere climate and in the face of additional, and potentially deeper, sequestration cuts. Therefore, the New Starts program is now at a crossroads. While the Administration remains committed to supporting the program, demand for these resources, coupled with reduced appropriations, continues to far exceed FTA's ability to contribute on a predictable path. We have been proactive in allocating resources as judiciously as possible. We have reduced the Federal share of projects from 60 percent to 50 percent, on average, over the last 20 years. A Government Accountability Office report published late last year found that for 25 New Starts projects examined between 2004 and 2012, state and local funding exceeded total Federal funding contributions, with the local share accounting for $18.6 billion, or more than half, of $33.8 billion in total project funding.

For the very largest projects (with total costs of $1 billion or more), the Federal share has fallen even further, to an average of about 33 percent per project. As a result, the Federal government is now leveraging nearly $3 billion annually in state and local funds for new fixed guideway projects and extensions—far more than the $300 million shouldered by local sponsors two decades ago. These investments reflect a willingness on the part of localities to fund important priorities. But it also raises questions about the ability of states with many competing financial priorities to continue doing so without additional Federal support.

In conclusion, our economy cannot continue to grow and compete without programs like New Starts. It has proven to be an effective catalyst for bringing taxpayer dollars back into communities for the infrastructure they need to attract new job-creating businesses, improve access to existing jobs, revitalize an aging downtown core, shorten commuting times for hard-working families, and give future generations a reason to settle down and build productive lives.

We look forward to working with Congress to obtain the funding levels needed to fully realize the potential of MAP-21, continue funding important major capital projects through our Capital Investment Grants Program, and ensure that millions of Americans have access to good transportation choices that create ladders of opportunity for our nation today and for generations to come.

Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit
Hearing on "Examining the Current and Future Demands of FTA's Capital Investment Grants"
December 11, 2013, 2:00PM
2167 Rayburn House Office Building
Questions for the Record

Questions Submitted on behalf of Congresswoman Eddie Bernice Johnson:

1) What new revenue sources will be most likely sought to permit New Starts funding levels to be increased from current levels so that formula funding would not be jeopardized or lowered in the event increases of funding for New Starts is approved?

> *Funding for the New Starts program comes from the General Fund of the Treasury and not the Mass Transit Account (MTA) of the Highway Trust Fund which relies on gas tax revenues. Since FTA's transit programs are dependent on different revenue streams, an increase or decrease in one revenue stream (MTA) does not necessarily impact the other (General Fund).*

2. In MAP-21, Congress allocated $100 million in funding for Core Capacity projects taken from the New Starts program. The FTA is currently in the rulemaking process. When do you anticipate the release of the guidelines for this program?

> *MAP-21 does not specify how much of the Capital Investment Grant program funding should be distributed to New Starts versus Small Starts versus Core Capacity projects.*
>
> *FTA is working diligently to implement the many new programs and policies outlined in MAP-21. We've made great strides in many areas. With regard to Core Capacity specifically, we held several listening sessions with the industry when MAP-21 first took effect to hear their thoughts on how best to structure the program. We expect to release guidance on the Core Capacity program and other Capital Investment Grant program matters during 2014.*

3. Given that the core capacity program is funded directly from the New Starts program, how does the federal government ensure that funding is equally distributed between systems with new rail projects, systems with state of good repair projects, and capacity projects that are needed to transport an increased population in urban areas?

> *FTA expects to continue basing its project funding recommendations on the results of the project evaluation process and considerations such as project readiness and the availability of funds.*
>
> *FTA fully supports the new Core Capacity project eligibility under the Capital Investment Grant program established in MAP-21. There are great needs around the country to*

expand and improve existing transit services in heavily utilized corridors. Making improvements in these corridors can result in significant transit ridership increases. Additionally, state of good repair projects are not eligible for funding under the Capital Investment Grant program.

4. In MAP-21, Congress worked to streamline the evaluation process, making it easier for projects to get into the New Starts pipeline. At the same time, however, the overall federal domestic discretionary budget for programs like the New Starts program has been shrinking. The Federal Transit Administration has stated its intent to keep pushing projects into the New Starts program, despite overall funding constraints. What recommendations do you have for this Committee to ensure that good transit rail projects are ultimately included in the New Starts program and funded by the federal government?

While MAP-21 expanded the types of projects eligible, (e.g., Core Capacity for Capital Investment Program funding), the program was authorized at an annual funding level slightly less than it had received in prior fiscal years. In addition, lower than anticipated FY 2013 appropriations and sequestration cuts further reduced overall program funding. These FY 2013 funding constraints meant that for the first time in decades, FTA was unable to fully honor its existing commitments to projects under construction and no funding was available for new projects, including Core Capacity projects.

FTA believes the existing rigorous multi-measure approach to rating and evaluation of Capital Investment Grant Projects enables good transit rail projects to advance. FTA has established a non-biased rating and evaluation process that enables all modes of rail projects (e.g. light rail, heavy rail, streetcars) to compete fairly. Taken together, we expect FTA's process will ensure good projects serving all areas of the country will be ready to receiving funding under the Capital Investment Program. How quickly they can received funds will depend on the appropriation levels Congress approves in future years.

5. Given the current budgetary constraints that we face, there will be a greater need for increased investment from the private sector in transit programs. However, transit rail projects almost never generate the levels of revenue needed for an adequate return on investment. What suggestions do you have for the next transportation bill that could increase federal and private sector investment in future New Starts projects?

There has been limited private sector investment in New Start projects because of the problems identified in the question about return on investment. FTA is closely observing a pilot project - the Denver Eagle Project, which is a true public-private partnership (P3) where the private sector is involved in the design, build, operations, maintenance, and finance of the project. Since the project is still under construction it will be several years before we can assess the benefits of this public-private partnership arrangement.

With respect to suggestions for increasing Federal and private sector investment in future New Start projects, the Department of Transportation is working on proposals for *reauthorization, given that MAP-21 will expire on September 30, 2014, which will be transmitted to Congress in March.*

Submitted on behalf of Congresswoman Dina Titus

1. The capital grant programs out of the Federal Transit Administration (FTA) are critical for so many communities across the country. In my district in the Las Vegas Valley, efficient movement of people is especially important. In addition to the tens of thousands of Southern Nevadans who rely on public transit to get to and from work, school, and shopping, Las Vegas welcomes more than 40 million visitors each year. With that amount of tourism it is not hard to understand why some of the most heavily-utilized transit routes are those that service the world-famous Las Vegas Strip, and the major roads that bisect it.

One such road is Flamingo, which runs east-west across the Las Vegas Valley and is in the heart of District 1. Flamingo currently serves more than 12,000 riders a day, making it the single most frequented transit route in the system. The Regional Transportation Authority of Southern Nevada, which is our metropolitan planning organization, transit authority, and traffic management agency all in one, has finalized a project to develop Bus Rapid Transit (BRT) along this important corridor. The 14 mile BRT project includes sections of dedicated bus and bike-only lanes, installation of Intelligent Transportation Systems, and considerable safety improvements for both motorized and non-motorized vehicles as well as pedestrians. Las Vegas isn't alone in the development of BRT on major corridors as a way to increase efficiency and improve safety for all modes of transportation.

As we saw in MAP-21, changes were made to the various FTA programs to change the process by which these kinds of projects were considered by the federal government. Administrator Rogoff, in the short period of time since these reforms have been put in place, what changes are you seeing with the federal government's support of BRT projects, like the one proposed for Flamingo Road? Has your agency seen an increase in applications for these kinds of projects? What are the biggest impediments for BRT projects in competing for funding under the FTA's programs?

We have seen the number of Bus Rapid Transit (BRT) projects increase dramatically since changes made in SAFETEA-LU allowed non-exclusive bus lane BRTs to qualify for Capital Investment Grant (CIG) program funds. We expect BRT to continue its popularity around the country. While buses don't work in every situation, bus rapid transit is the preferred choice for a lot of communities given its effectiveness at attracting ridership and its relatively low cost.

The Obama Administration has awarded construction funding to 39 CIG projects since 2009. Nineteen of the 39 are BRT projects. We also have 14 BRT projects currently in the project development stage of the program, and we will continue to observe the effect of MAP-21's changes to BRT requirements as these projects move through the project pipeline.

Written Statement by Greg Hughes
Chairman of the Board of Trustees
of the Utah Transit Authority
The Highways and Transit Subcommittee of the
The House Transportation and Infrastructure Committee
2:00pm, December 11, 2013

Mr. Chairman, and distinguished Members of the Committee, it is a pleasure to be with you today. My name is Greg Hughes and I serve as the Chairman of the Board of Trustees for the Utah Transit Authority. I am also a member of the Utah House of Representatives and currently serve as the House Majority Whip. By way of a business background, I own and operate a small business specializing in real estate development and property management. I live in Draper, Utah, a suburb of Salt Lake City, Utah. Before moving to Utah, I was born and raised in Pittsburg, Pennsylvania and later moved to Utah to attend college. I now reside in Utah with my wife and three children.

Utah Transit Authority (UTA) is the state's largest transit agency, and provides service to an area known as the Wasatch Front, where over 80 percent of Utah's residents live. The transit authority is governed by a 16-member board of trustees appointed by state and local government elected officials. The UTA Board of Trustees provides broad direction, governs the Authority, and sets the policies and goals on issues such as ridership, services and financial responsibilities. Members of the board are generally appointed by the city and county governments within UTA's service area that support the agency with a local-option sales tax. Some members are also appointed by the governor and state legislature. I was appointed to the board in 2006 by the municipalities within Salt Lake County.

Growing up in Pittsburgh, I understood the importance of transit service in large metropolitan cities; in fact, I relied upon Pittsburgh's transit service, as I didn't have access to a vehicle. However, when I was appointed to the board of trustees of the Utah Transit Authority, I was skeptical of transit service in Utah. I thought Utah's population was too small to warrant a growing transit system, and as a conservative legislator I was concerned about taxpayer dollars funding a mass transit system in Utah.

Today I feel differently. I believe that mass transit is a necessary investment and a core function of federal, state and local governments. Managed properly, mass transit investment is a very wise use of public money as it will reduce the need for expensive roads and highways, increase mobility, promote economic growth and commerce and improve air quality and the quality of life in communities that adopt transit systems.

<u>Transit in Utah:</u>
From 1970 until 1998, Utah Transit Authority (UTA) was a small, single mode bus agency, however, over the last 14 years Utah has experienced a transit renaissance.

In 1999, UTA began operations on its first light rail line, an 18 mile service dubbed TRAX. Shortly after, a second line was constructed connecting the University of Utah to Salt Lake City's central business district and the original TRAX line. Ridership on the TRAX light rail system far exceeded original projections and communities began to experience revitalization near light rail stations.

The success of mass transit in Utah prompted community leaders and local government officials to begin planning efforts that incorporated mass transit as a new and necessary tool for communities to accommodate Utah's growing population.

According to the US Census Bureau, Utah is currently the fourth fastest growing state in the country. It is also one of the most urbanized states in the country. It is home to nearly three million residents, and over 80 percent live within the primary urbanized area called the Wasatch Front. The Wasatch Front, with Salt Lake City located in the center, is geographically constrained by the Wasatch Mountains to the east and the Great Salt Lake and Utah Lake to the west. This unique geography has produced a natural transportation corridor that spans 120 miles from north to south and ranges from 2 to 15 miles wide, east to west.

Due to Utah's high population growth rate and limited room for expansion, communities throughout the Wasatch Front viewed the success of UTA's TRAX system and other transit services as a new means for their communities to accommodate growth. Nearly a decade ago, local communities developed a plan to expand UTA's mass transit system by 2030 with several new projects. In 2006, however, these same communities decided that they needed better transportation solutions sooner than 2030. They proposed that voters increase funding for major projects to be completed by 2015, and voters gave a resounding approval. This began UTA's FrontLines 2015 program.

The FrontLines 2015 Program required UTA to construct and open five new rail projects, totaling over 70 miles, by 2015. The program included FrontRunner commuter rail (44 miles), Mid-Jordan light rail (10.6 miles), West Valley light rail (5 miles), Airport light rail (6 miles) and Draper light rail (3.8 miles). UTA completed the FrontLines 2015 Program two years ahead of schedule and more than $300 million under budget.

The combined cost of the program was about $2.3 billion, and the federal share was about $544 million, or just 23% of the total program cost. FrontRunner commuter rail, West Valley light rail and Airport light rail were built entirely by local funds. The Mid-Jordan and Draper light rail lines both received some federal funds.

UTA's FrontLines 2015 program of projects has successfully increased capacity by mitigating congestion on Utah's highways and local roads. The projects have also reduced the need for parking at the airport, downtown and at our public funded universities. They've also helped to improve regional air quality, and have attracted many new riders that otherwise would only have had the option of a vehicle. In fact, since the completion of FrontLines 2015, nearly 80% of UTA riders have access to a vehicle but instead chose to ride transit.

UTA's FrontLines 2015 projects have also had significant impacts on the local economy. During the construction phase they created or saved around 23,000 direct and indirect jobs. They have also spurred roughly $7 billion in private development along their corridors.

Sugar House Streetcar:
In addition to the FrontLines 2015 Program, UTA recently completed construction of a two-mile streetcar project funded by a TIGER II grant. The streetcar connects portions of South Salt Lake City and Salt Lake City and also connects to UTA's TRAX light rail system. Much like UTA's light rail and commuter rail lines, the streetcar is stimulating economic development, and as of December 2013, along the streetcar corridor over $1 billion in private development has occurred or is in the permitting process.

Local & Federal Partnerships:
UTA has successfully built six New Starts rail projects ahead of schedule and under budget. Ridership on these lines has significantly exceeded projections and continues to increase; and since 1998, ridership on UTA's total system has increased more than 77 percent. This track record has created a level of trust and confidence in the community and a desire to further expand and enhance transit services.

Key to the success of UTA's transit system expansion has been the agencies philosophy of partnership and engagement with elected officials, community stakeholders and federal agencies. As a result, UTA enjoys great support from all levels of government at the local, state and federal level.

UTA attributes the success of its rapid transit expansion to a number of factors and lessons learned, including:

- Unified stakeholder relationships – UTA has excellent relationships with its metropolitan planning organizations, the Utah Department of Transportation, Federal Transit Administration, the local business community, labor unions and the disabled community. This unified coalition made possible one of the greatest transportation investment programs in the nation.
- Innovative oversight by the Board of Trustees – UTA's visionary and mission-driven governance model allows the agency to be creative and adaptive in planning, procurement and project management.
- Delivering cost effective projects under fiscal constraint – UTA's major capital projects have consistently been built as some of the lowest cost per mile in the country.

- Early acquisition of Rights of Way (ROW) and transportation corridors – In 2002, UTA purchased over a 175 miles of ROW from Union Pacific Railroad. This historic agreement has allowed for the rapid expansion of UTA's rail program and has preserved valuable land corridors for future transit projects.
- Inter-Local Agreements (ILA) before construction to prevent cost overruns or unexpected impacts during construction. UTA has signed a master ILA with 43 cities, allowing for the rapid deployment of our rail program.
- Co-locating contractors, consultants and the transit agency – This technique has provided extreme efficiency and a unified sense of ownership in the project.
- Using the right construction delivery method to fit the job – UTA has used traditional design-bid-build, design-build, construction manager/contractor project delivery and anticipates using a 'construction alliance' approach for future jobs.

What's Next for UTA:

FrontLines 2015 Program was one of the most aggressive rail programs in the nation, and has created a world-class transit system along Utah's Wasatch Front. "Ahead of schedule and under budget" was not just a sound bite, but is a manifestation of UTA's culture and commitment to excellence. Now that the program has finished, UTA embarks on a new effort to transform the agency and better serve Utah's public. This effort includes:

Sustainability:

Sustainability is a core value embraced by UTA's Board of Trustees and practiced throughout the organization. In an effort to reduce emissions from buses and improve Utah's air quality, UTA has rolled out a fleet of CNG buses. These new additions also operate on domestic fuel, primarily produced in Utah. In the near future UTA will also be constructing a new bus maintenance and refueling facility that will allow us to greatly expand our CNG bus fleet.

UTA is co-developing "WAVE" technology for electric buses and its potential application on fixed-route bus service. The technology, now beginning service at the University of Utah, allows an electrical current from a supply source in the street to charge batteries without plugs or wires, enabling zero emission electric buses to periodically charge along the route.

UTA is also beginning to find ways to implement solar power technology. In fact, just recently we installed 288 solar panels along a light rail corridor that will generate 67.6 kWh of power, which will help offset electricity used to operate the line.

Technology:
UTA is leading the way in adopting new technologies to make transit safer and more convenient. The agency has a strong commitment to exploring new technologies designed to gather, process and disseminate system information, allowing customers to make better decisions about how to travel and to improve the customer experience.

UTA has opened its real-time data feed to private developers to use in creating mobile applications. Many applications are now available to the public or will be made available in the coming year and allow the public to track their train or bus in real-time.

Recently, UTA released a new reloadable pre-paid fare card branded as FAREPAY. FAREPAY allows customers to load cash value on an electronic tap card to use as fare payment on UTA's system. The cards are available online and at retailers throughout the community. In addition to FAREPAY, UTA is among the first transit agencies in the world to accept mobile payments. Customers using ISIS mobile payment network from their smart phone can now board any UTA train or bus by simply taping their phone.

Transit-Oriented Development:
UTA is partnering with private developers to find innovative solutions to maximize the convenience of transit near light rail and commuter rail stations. Through these partnerships we create transit-oriented developments that are high-density mixed use communities designed to increase transit ridership and promote pedestrian and bicycle mobility.

Bus Rapid Transit:
UTA has partnered with several communities, the Utah Department of Transportation and many stakeholders to begin the process of creating bus rapid transit (BRT) corridors. One project in particular is the BRT line in the cities of Provo and Orem, Utah. This project is among the leading proposed BRT projects in the nation, as it will connect UTA's commuter rail network with major regional destinations including, Utah Valley University, Brigham Young University, the University Parkway retail corridor, downtown Provo, and the East Bay technology district.

Mountain Transportation:
UTA has joined several local government agencies and private sector businesses and organizations to evaluate transportation and other issues associated with the Central Wasatch Mountains of Utah. UTA believes that this partnership can lead to the development of an innovative transportation system that will connect the Salt Lake Valley to nearby recreation and resort areas in the Wasatch Mountains, as well as connecting to the town of Park City, Utah.

Recommendations:

UTA offers the following ideas and recommendations on
Current and Future Demands on FTA's Capital Investment program.

Federal funding leverages local investment: Utah's local leaders understand the need for increased investment in transportation infrastructure for better mobility, economic development, improved air quality and better quality of life. Utah voters have also supported funding for mass transit. I encourage this committee and the Congress to restore and expand funding to FTA's Capital Investment programs to help state and local governments develop mass transit solutions, including: high speed rail, light rail, bus rapid transit and commuter rail. Public transportation provides mobility that significantly contributes to national goals and policies in support of global economic competitiveness, energy independence, environmental sustainability, congestion mitigation and emergency preparedness. In order to sustain our growth and a healthy economy, we must invest in transportation infrastructure.

- One program in particular that is currently located in the Highway section of the bill is called the Projects of National and Regional Significance. We believe this section should be modified so that the Secretary of Transportation more actively examines transit projects of national or regional significance. Currently, while this program lists transit agencies as an authorized recipient of PNRS, it has not been opened up for funding. We would like to work with the Committee on improving the existing language as it relates to potential transit projects.

Program of Interrelated Projects: UTA supports strengthening the Program of Interrelated Projects language in MAP-21. Project sponsors should be encouraged to leverage local and state monies invested in corridor-based projects so that local share can be counted as non-federal match above the twenty percent current requirement. As the demand for transportation options increases, communities have decided to tax themselves to pay for transportation improvements. Congress should simplify and streamline the current federal grant approval process to speed project delivery and reduce costs. Project sponsors that have secured sufficient local and state monies, that seek to build multiple projects at the same time, and don't intend to rely on New Starts monies for each project corridor should be encouraged to implement a "program of projects" approach. Localities that have built projects without New Starts funds should have those funds credited as "local match" towards a project that is funded through the New Starts program without having to seek special legislation. FTA's role would shift to that of portfolio manager where it has executed a MOU or Project Development Agreement (PDA) with a project sponsor.

Incentivize the delivery of New Starts projects on time and under budget. Continue to streamline project delivery to cut red tape, eliminate waste, and streamline bureaucracy wherever possible. This approach would result in financial savings for the federal government and local taxpayers by allowing approved projects to begin construction sooner, thereby saving on finance charges and other costs. Allow a project sponsor to use project savings for other project related activities that have accrued based upon good stewardship. This will encourage project efficiency and reward good practices.

Encourage the use of alternative construction delivery programs: UTA encourages Congress to promote the use of alternative and innovative construction delivery programs such as design-build, construction manager/general contractor, project delivery and alliancing. FTA oversight should be adjusted to the contracting approach undertaken by the project sponsor, i.e.: a design-build contract that has been executed with fixed prices for project costs, or where the project sponsor agrees to execute a PDA. As well, FTA oversight must be balanced with the complexity of the project and the experience of the project sponsor: an experienced project sponsor should not be subject to the same frequency of reviews as a first time project sponsor or one with limited history of building complex infrastructure projects.

Bus and Bus Facilities Formulas and Discretionary Grants: UTA notes that under MAP 21 authorized funding for the Bus and Bus Facility Program was reduced by 57%. In addition, all funds were allocated by formula. The current program does not take into account the periodic need for significant increases in funding to make major bus purchases or replace obsolete maintenance facilities. We recommend revising the program structure to provide that 50% of the Bus and Bus Facilities Funds are distributed by formula and 50% of the funds are distributed through a competitive discretionary program. Such a change could only work properly if the entire Bus and Bus Facility Program is increased to accommodate a robust discretionary program.

Testimony of Forrest Claypool
President
Chicago Transit Authority

Before the House Committee on Transportation & Infrastructure
Subcommittee on Highways and Transit

Hearing on
"Examining the Current and Future Demands on
FTA's Capital Investment Grants"

December 11, 2013

Chairman Petri, Ranking Member Norton, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today. My name is Forrest Claypool and I am the President of the Chicago Transit Authority (CTA). The CTA is the nation's second-largest transit agency with over 1.7 million rides per day in the City of Chicago and 35 suburbs, and I am here today to talk about the importance of Core Capacity projects.

As you know, the Moving Ahead for Progress in the 21st Century (MAP-21) Act contained a provision that allowed Core Capacity projects to be eligible for the Federal Transit Administration's (FTA) 5309 Capital Investment Program. Core Capacity projects expand capacity within the existing footprint of a transit network to meet current and future ridership demand. Per MAP-21, eligible Core Capacity activities include adding infill stations, expanding platforms, double tracking, improving signal systems, increasing electrical power, and other activities that increase capacity by 10 percent or more. Previous experience with core capacity projects in Chicago has proven that core capacity is a cost-effective way to increase transit ridership and improve the efficiency of transit services throughout the country.

Chicago Experience with Core Capacity

Due to ridership gains of nearly 80 percent from 1980 to 2000 on its Brown Line, the CTA undertook plans to add capacity by extending the Brown Line 6-car platforms to 8-car platforms and by reconstructing stations to allow for full accessibility. This $522 million project was listed as a 5309 Capital Investment project in The Transportation Equity Act for the 21st Century (TEA-21) and subsequently received a $245 million FTA Full Funding Grant Agreement in 2004. The CTA completed construction by 2010 on time and under budget.

Pre-construction ridership projections forecasted a 22 percent increase in weekday ridership by the year 2020, but that target was surpassed by 2011, less than two years after the project was complete. Ridership has increased by 36 percent compared to 2003 pre-construction levels, while at the same time, CTA systemwide ridership has increased only 14 percent. That 36 percent increase equates to 30,000 rides each weekday.

The Brown Line Capacity Expansion Project not only surpassed expectations in moving more people to and from their destinations, but it also had a profound impact on economic development. In 2011 one-quarter of all City of Chicago building permits issued were within a half-mile of Brown Line stations. In addition, median home value near the Brown Line increased by 40 percent from pre- to post-construction. As you can see from the CTA map in your attachments (*Attachment A*), the Brown Line is a very small part of the City's footprint, but the high number of building permits, subsequent new development, and the increase in home values demonstrates the beneficial impact this project has had on the surrounding neighborhoods.

Next Priority Core Capacity Project: Red and Purple Lines

Chicago's Red and Purple lines are the backbone of our transit network, providing 300,000 rides each weekday extending north and south through the City and into the northern suburbs from the Linden Purple Line station in Wilmette to the 95th/Dan Ryan hub in Chicago. (See *Attachment B* - the Purple Line operates in Evanston and Wilmette and also operates as express track alongside the Red Line from the city limit to Belmont Station and further south into downtown).

Much of the northern section of the Red Line corridor is more than 100 years old – built by private enterprises in the late 1800s and early 1900s and composed of the famous elevated tracks, narrow platforms, and curves for which Chicago transit is known. Unfortunately, only 6 of 21 stations are ADA accessible. This corridor, from Belmont to Linden, serves 130,000 rides a day and well-known landmarks such as the Chicago Cubs' Wrigley Field, and universities such as Loyola and Northwestern. While the age and unique features of our transit system may be endearing to some, they are costly to maintain and make it harder for the system to meet ridership demands in an economically thriving, growing, diverse, and densely populated section of the region. (*Attachment C* – aerial photograph of Red-Purple corridor and surroundings).

Over the last decade, ridership in this corridor has increased each year to the point where we are at capacity and cannot accommodate all passengers from the platform onto the train during rush hour, as you can see by the attached series of photos that were taken last week (*Attachment D* – pictures of CTA Addison Station). Constraints on our signaling and power system do not allow CTA to put more train sets on this line to de-crowd these rail cars and meet demand. Further, even if we could put more trains on this line, the aforementioned curves and a bottleneck called "Clark Junction" south of Wrigley Field – as seen on the *Attachment B* map where the Red, Purple, and Brown lines meet - would delay the extra trains from proceeding to their destination (*Attachment E*: Chart Showing Capacity Constraints).

To increase capacity, the CTA plans to:
1) Widen platforms to improve circulation and speed passenger de-boarding and boarding;
2) Extend platforms to allow an increase from 8-car trains to 10-car trains;
3) Modernize the signal system to decrease travel time;
4) Add new electrical substations to increase capacity for adding more trains to the corridor;
5) Straighten curves to increase train speed;
6) Add track to decongest bottlenecks, and
7) Add ADA accessibility at all stations

This project would be constructed along with a state of good repair project that would rebuild track and elevated structure in the same corridor. Since the Red and Purple lines need to be rebuilt, it only makes sense to add capacity for the next 80 years. The combined project would cost roughly $4 billion, with $2-3 billion for the Core Capacity elements.

The CTA estimates that if all of these capacity enhancements were undertaken, capacity would more than double on this corridor. Our previous experience on the Brown Line suggests that transit riders will utilize all of this added capacity in just a few years – that would equate to 130,000 new rides each weekday. Moreover, the Brown Line experience highlights the vast economic development opportunities available along the Red and Purple lines.

The FTA recently approved the CTA's request to enter the Red and Purple Line project into Project Development. I would like to thank Administrator Rogoff and his team at the FTA for their support of Core Capacity, and we look forward to working with the FTA to move this project forward.

Widespread Support for Core Capacity

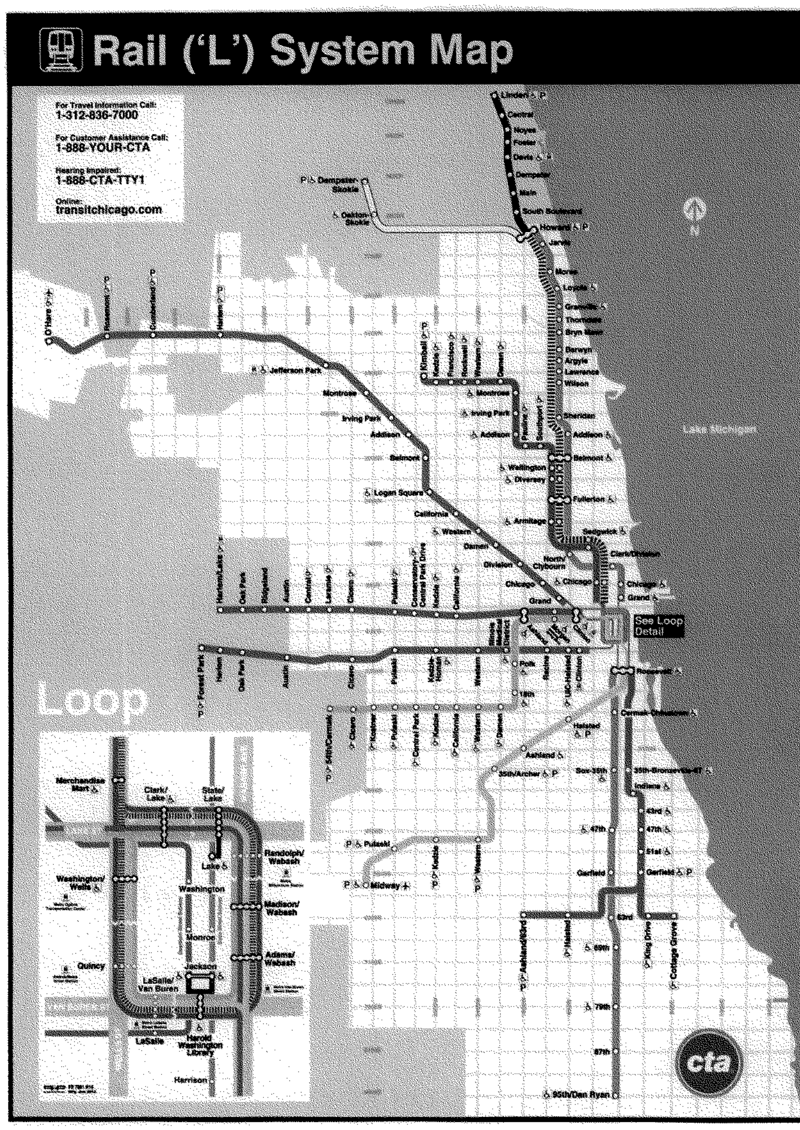
Before I close, I want to highlight the fact that Chicago is not alone in pursuing a Core Capacity project. Transit agencies from New York, Philadelphia, Washington DC, San Francisco and Charlotte -- to name just a few -- are also planning Core Capacity projects. Adding capacity within a transit agency's existing footprint is important for both older and newer systems, as lengthening platforms to allow for longer trains or adding infill stations to accommodate growing neighborhoods will likely have exponentially beneficial effects on transit ridership.

The widespread support for Core Capacity raises the reality of financial constraints for these types of project investments. Everyone in the transit industry understands that there are a host of worthy transit expansion and Core Capacity projects, but there is a limited amount of funding each year for these initiatives. A well-funded MAP-21 reauthorization bill should seek to increase funding for the 5309 Capital Investment Program.

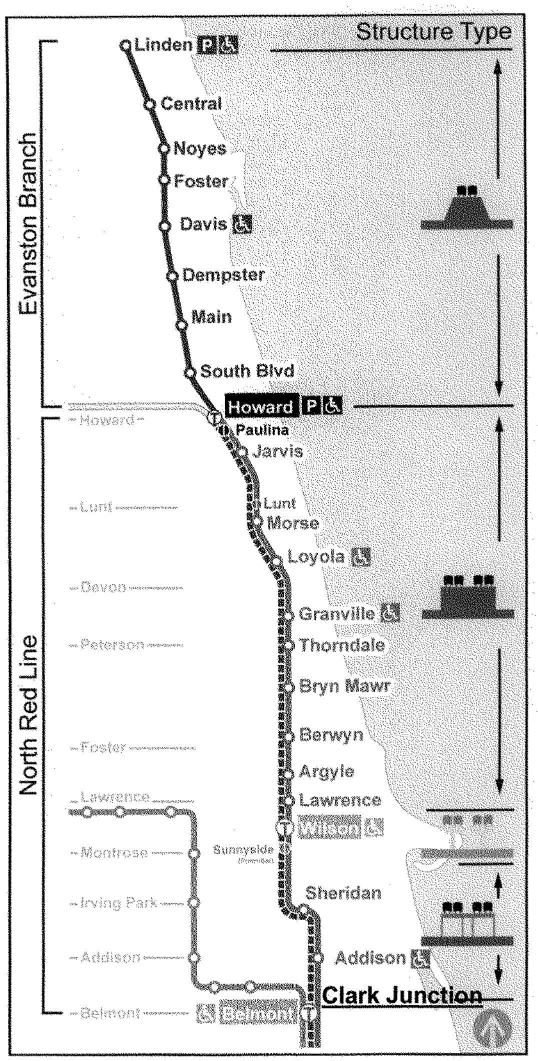
Conclusion

Again, thank you for allowing me to testify on behalf of the CTA. I hope I have given this subcommittee some insight into the benefits of Core Capacity projects. If any of you or your staff are ever in the Chicago area we would be happy to show you, firsthand, our Red Line Core Capacity project. I am happy to answer any of your questions.

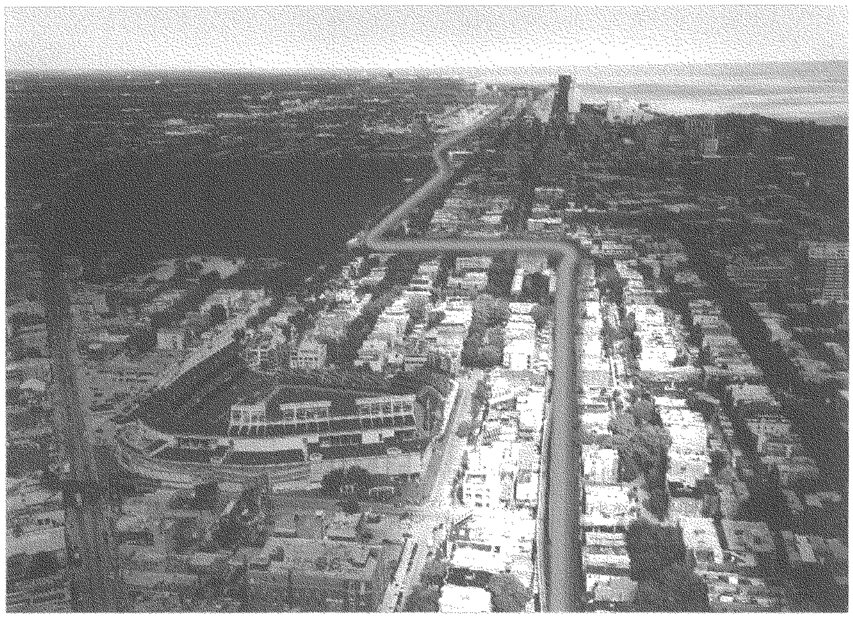
Attachment A: Map of CTA Rail System



Attachment B: Red and Purple Core Capacity Project Map



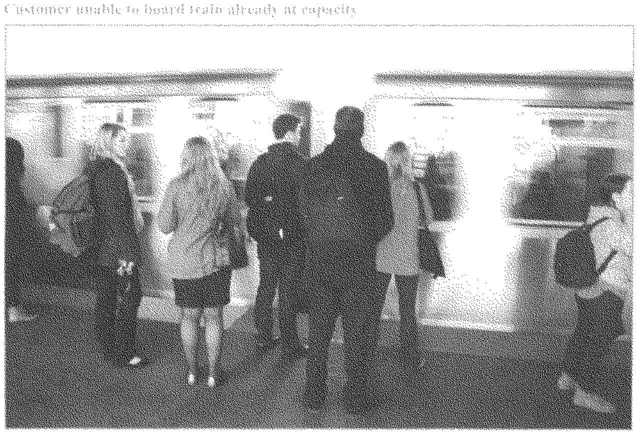
Attachment C: Aerial Image of RPM Corridor showing neighborhood



Attachment D: Addison Station

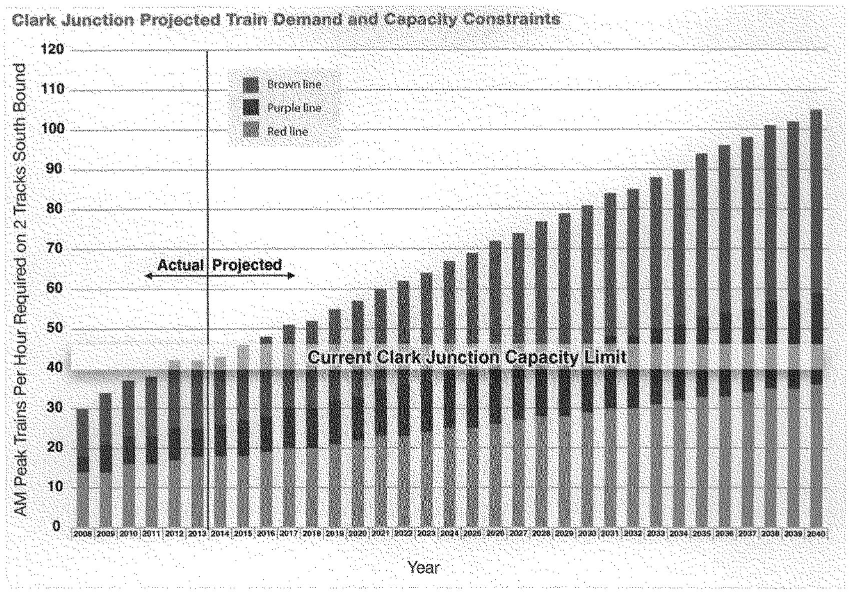
Customers waiting for train on crowded platform

Customer unable to board train already at capacity



Customers watching full train depart

Attachment E: Clark Junction



Written Testimony of Mayor Christopher B. Coleman
House Transportation & Infrastructure Committee
Subcommittee on Highways and Transit
December 11, 2013

Good Afternoon.

Mr. Chairman, Ranking Member Norton, and members of the Subcommittee: Thank you for inviting me to testify today.

My name is Chris Coleman, and I am the Mayor of Saint Paul, Minnesota. It is a pleasure to participate in this important discussion and to join this esteemed panel. I've had the pleasure of working with many of my fellow panelists over the years, and each has done a tremendous job advancing our nation's transit infrastructure.

I want to take a moment to recognize my two friends from Minnesota who sit on the Subcommittee: Representative Tim Walz and Representative Rick Nolan. Each is a leader on transportation for their districts and for the state as a whole. I also want to thank my home Congresswoman, Betty McCollum, for her leadership on the Central Corridor and other important transportation investments in the East Metro region.

Transit investments like the New Starts program provide long-term economic impact and generate future economic returns to individual regions and the national economy. The impact of transit investments in Saint Paul is no different.

We are six months from opening day for the New Starts-funded Green Line, or Central Corridor, light rail service linking downtown Saint Paul with the University of Minnesota and downtown Minneapolis through some of the metropolitan regions most diverse and transit dependent communities. Already, we have seen more than $1.2 billion worth of investment in new housing and employment opportunities within the 18 station areas along the 11-mile route.

- Over 7,500 housing units have been or will be built along the line, many of them financed to be affordable to students or lower income households. These are families who will be able to reduce what they are now spending on the two biggest items in every family budget—housing and transportation—investing what they will save in going to school, buying a home or starting a business.

- The demand for additional office space is being met by new construction and renovation of previously vacant buildings—some 820,000 square feet – bringing employment opportunities to the heart of the city which are readily accessible to those who live there.

- Small business owners, many of them recent immigrants, are renovating their buildings and expanding their shops and restaurants to respond to a growing market created by a projected 44,000 trips per day on the Green Line.

- Sixteen colleges, universities and hospitals within blocks of the Green Line have convened the Central Corridor Anchor Partnership and taken stock of the fact that, together, they employ 67,000 people and have recently undertaken more than 100 capital projects accounting for some $5 billion in capital investment. They are now working together to determine how they can leverage their roles as employers, educators and purchasers of goods and services to strengthen the Green Line neighborhoods.

- Twelve of our local and national philanthropic partners have joined together in the Central Corridor Funders Collaborative and expect to invest $20 million over 10 years—in addition to their individual investments – in community development activities ranging from supporting the growth of small businesses to ensuring the continued availability of quality affordable housing.

I could go on, but time is short. Suffice it to say that none of this would have happened—certainly not over the past eight years—were it not for the nearly one-half billion dollar federal New Starts investment that made construction of the Green Line possible.

The last time there was a major transportation investment in this same corridor, it was the construction of I-94 which, while linking Saint Paul to Minneapolis with Chicago and points east, also sapped the economy of these same neighborhoods, leading to 40 years of disinvestment. Learning from that experience, the FTA and its New Starts program insist that we as cities and regions demonstrate how we are going to use the federal transit investment to enhance the lives of our residents, build stronger communities and create more competitive regional economies. Saint Paul and Minneapolis are demonstrating—even before the Green Line carries its first passenger—the value of the New Starts investment in our midst.

Our work, of course, is far from over. Planning is now underway for future New Starts applications to support transit connections from Saint Paul's Union Depot to western Wisconsin along the Gateway Corridor and to the airport/Mall of America in the Riverview Corridor. Just last week, the McKnight Foundation announced a major grant to the Saint Paul Area Chamber of Commerce to build the capacity of the East Metro communities that will share these two new lines. The funds are to ensure we can do the same work we did along the Green Line to ensure that the transit investments are designed to strengthen the regional economy by linking people with employment and education opportunities throughout the region.

Commenting on the margin of my recent re-election, a local college professor said that I had benefitted from being mayor over the last eight years when the economy was doing so well.

Perhaps he meant to say that I have benefitted from being mayor of a city where all of our partners, including the FTA, have —in the face of a fragile economy—rolled up their sleeves and gotten to work on building the infrastructure of a strong city and region. And because they did, as the economic winds now begin to shift, our region is poised for extraordinary growth—growth that benefits all of our citizens.

As I alluded to at the beginning of my remarks, the New Starts program is a critical funding tool for projects across the country. Last month, I was elected President of the National League of Cities. NLC represents over 19,000 cities, towns and villages across the United States. For many of these communities—and their regions – transit investments are a key component of their future growth and economic success. Transit improves their mobility in the short-term and creates long-term economic benefits to their entire region

Americans of all ages are seeking walkable neighborhoods with easy access to reliable transit service. By 2030, the demand for living near transit is expected to grow to over 15 million households, more than double what it was in 2000. Transit helps regions respond to these trends and can provide a return many times greater than the cost of the investment.

There are a variety of ways in which transit contributes to a region's economic success:

- Transit gives employers access to a broader labor market. In an analysis of the transit projects contained within the Twin Cities' 2030 Regional Plan, researchers found that with the new lines, employers could recruit from an additional 500,000 potential workers who would have access to job sites within a 30-minute transit commute.

- Transit provides workers with improved access to jobs. An analysis of transit projects in engineering or under construction in 2010 found that if all of the projects are ultimately built, 3.5 million more jobs would be accessible by fixed-guideway transit.

- Transit improves resiliency during economic downturns. A report by the National Association of Realtors and the American Public Transportation Association found that property near high-frequency transit service retained more of its value during the recent recession than property further away. In the Twin Cities, property located in areas near the region's rail system performed 48 percent better than the region as a whole between 2006 and 2011.

- Transit increases regional productivity. When a strike shut down Los Angeles' transit system, highway congestion soared, showing that the availability of such options significantly reduces traffic congestion, which increases regional productivity and economic output. Researchers analyzing the effects of the strike concluded that L.A.'s transit system increases productivity in the region by $1.1 billion - $1.6 billion per year.

- Transit is a catalyst for economic development. Since opening its first light rail line in 1996, Dallas has seen nearly $8 billion in new development and millions more invested in renewal of existing properties near light rail stations. More than $4 billion has been invested to date along the Cleveland Health Line BRT, including 7.9 million square feet of commercial development and 4,000 new residential units. In the Washington, DC area, property within one-half mile of Metrorail stations is worth 7-9 percent more than property farther away, and generates 28 percent of the region's property taxes even though it is only 4 percent of the land.

Saint Paul is not alone in recognizing the economic benefit of investing in transit. Regions across the country are planning, designing, and building light rail, bus rapid transit, streetcars, commuter rail, and subways. A recent analysis by the nonprofit organization Reconnecting America found 729 such projects being planned in 109 regions, both large and small. Building those projects will cost well over $250 billion. If the New Starts program continues at its current size, it would take more than 80 years for all of these projects to be built – too long to wait.

Today, local communities are raising funds for transit and the transportation network of roads and bridges that connect them to each other and the larger region – often by taxing themselves. But few local communities have the capacity to bond or tax for the full cost of construction. Through the New Starts program, the federal government has proven to be an effective partner in expanding transit services and underwriting economic growth.

With a rigorous evaluation process and annual public reporting, the New Starts program is a model of transparency and accountability. Unfortunately, it has also been subject to severe budget cuts in recent years. If sequestration takes effect as scheduled, the New Starts program will be cut by 12.5 percent in 2014 compared to 2010. I urge this Subcommittee to work with your colleagues to provide additional dedicated funding for this vital program as a down payment on our economic future.

In closing, I want to again thank Chair Petri and Ranking Member Norton for the invitation to testify today, and for the chance to highlight the great work we're doing with New Starts funding in Saint Paul. As Mayor of Saint Paul - and President of the National League of Cities – I strongly urge for your continued support of this program, and I am happy to take any questions.

Thank you.

Testimony of Randal O'Toole
Cato Institute
Before the Subcommittee on Highways and Transit
House Transportation and Infrastructure Committee
December 11, 2013

The New Starts program has done far more harm than good to American cities. Instead of helping to provide more efficient transportation, New Starts gives transit agencies and cities incentives to choose the more costly alternatives in transit corridors. The results have been higher taxes and/or a lower level of urban services for local residents, increased congestion and energy consumption, and lower quality transit service as many regions have cannibalized bus lines in order to pay the high costs of rail transit.

As you know, most federal transit dollars are distributed using formulas. Well-designed formulas can give transit agencies incentives to improve service. One formula, for example, rewards transit agencies for having low operating costs per passenger mile.

New Starts, however, is a competitive grant program. The rules of the competition can be boiled down to this: regions and transit agencies that propose the most expensive projects get the most money. To see what this perverse incentive has done to transit, consider the cost of light-rail construction over time.

In 1981, San Diego opened the nation's first modern light-rail line. Built entirely without federal funds, the 15.9-mile line cost $86 million, or $5.4 million per mile. Adjusted for inflation to present-day dollars, this is less than $12 million per mile.

Later in the 1980s, Portland, Sacramento, and several other cities used federal funds from cancelled interstate freeway projects to build light-rail lines. A 1973 law allowed cities that cancelled interstate freeways to use the funds on transit capital improvements. It is important to understand that these cities decided to build light rail because light rail was expensive. If they spent the money buying buses, their transit agencies wouldn't have had the funds to operate those buses. Light rail was the way for the cities to spend lots of federal dollars without imposing high operating costs on transit agencies, and city officials could say they hadn't "lost" the federal dollars to some other city.

After adjusting for inflation, the cost of most of the light-rail lines built with federal funds in the 1980s was around $25 million to $35 million per mile. These lines cost two to three times as much as San Diego's line partly because of various federal requirements, but mainly because cities found ways to spend more in order to absorb the federal funds from the cancelled interstate freeways.

In 1991, Congress created the New Starts program. By 2000, the average cost of light-rail lines planned or under construction was $50 million per mile. In the most recent New Starts report, the least-costly line was more than $50 million per mile, and the average cost of light-rail lines is $110 million per mile, or nearly ten times as much as San Diego's first line. That's without counting three light-rail subways planned or under construction in Los Angeles, San Francisco, and Seattle, each of which are more than $600 million per mile.

Cities seem to be competing with one another to see who can build the most expensive light-rail line. In 2009, Seattle completed a line that cost $175 million per mile. Portland is now building a line that costs $204 million per mile. Not to be outdone, Seattle wants to build a 3.1-mile light-rail subway costing $628 million per mile.

This explosion in costs is directly due to the perverse incentives in the New Starts program. This is especially disheartening because buses could be more effective at moving people than light rail in virtually every city that has built light rail.

The "light" in light rail refers not to weight but to capacity: the rails and railcars weigh the same as heavy rail, but because trains are shorter the capacity for moving people is much lower. To be accurate, light rail should be called "low-capacity rail" while heavy rail should be called "high-capacity rail."

Because light rail often operates in city streets, the size of city blocks limits train lengths. A single light-rail car is about 100 feet long, so Portland, whose blocks are 200 feet long, can only run two-car trains. Most other cities can run three-car trains and a few can run four-car trains.

For safety reasons, trains can operate no closer than two minutes apart, and most light-rail lines are designed to allow safe operation of no more than 20 trains per hour. By comparison, a single bus stop can serve 40 buses per hour, and Portland's downtown bus mall has staggered bus stops and can serve more than 160 buses per hour in each direction. The capacity of each bus may be lower than a light-rail train, but the higher frequencies mean that buses can move more people than rail.

A light-rail car has about 70 seats and standing room for perhaps 80 more people. A 40-foot bus has 40 seats and standing room for about 20 more people. Do the arithmetic, and two-car light-rail trains can move just 6,000 people per hour, while three-car trains can move 9,000 people per hour. Buses, however, can move 9,600 people per hour, and a higher share of those people will be comfortably seated. If that isn't enough, double-decker buses nearly double this to more than 16,000 people per hour.

If you need really high capacities, double-decker buses on freeway lanes can move well over 100,000 people per hour, most of them comfortably seated. That's more than twice the highest-capacity subway or elevated lines. The only places where buses can't compete with rail is on city streets where subways or elevateds can move around 30,000 to 40,000 people per hour but buses can move only about 16,000 people per hour.

Other than Manhattan, America has very few areas where transit demand exceeds 16,000 people per hour. This means that light rail makes no sense at all anywhere: buses can outperform it under any level of service that low-capacity rail lines can offer. Buses also have the advantage of flexibility: they can branch off to serve many different neighborhoods, and service to a new area can be started almost overnight, while rail lines take years to plan and build. While buses require more drivers, this is more than made up for by the lower costs of maintenance.

As administrator Rogoff pointed out in a speech in May, 2010, bus-rapid transit may not work everywhere, but it "is a fine fit for a lot more communities than are seriously considering it." And the reason they aren't considering it is simple: thanks to New Starts, they get more federal dollars building rail than running buses.

The Bush administration tried to cap on rail transit cost inflation by limiting how much rail lines could cost per hour of transportation user benefits (the time a new transit line would save both transit riders and other travelers). The Obama administration eliminated that cap and through the rulemaking process effectively eliminated cost-effectiveness as a criterion for judging transit capital grants. But, even with the cap, most rail transit projects recommended for New Starts funding were wastes of money.

As if light rail isn't obsolete enough, we now have cities building streetcar lines. At about 2,000 people per hour, streetcar capacities are far lower than buses, and they are so slow that an *Oregonian* reporter was able to walk 1.7 miles faster than the Portland streetcar.

Again, Bush administration rules limited the use of Small Starts funds to streetcar projects that were more cost-effective than buses. Since streetcars are never more cost-effective than buses, no streetcars were funded by small starts under Bush. But again the Obama administration has eliminated that rule so it can fund streetcars regardless of how much money they waste.

In public, city and transit officials say they want to build rail transit to relieve congestion, save energy, and reduce pollution and greenhouse gas emissions. But the environmental impact statements for many rail projects prove otherwise. The EIS for Maryland's Purple Line, for example, admits that there will be significantly more congestion if it is built than if it is not. The same is true for Baltimore's red line and Charlotte's proposed Red commuter-rail line, among many others.

Anaheim wants to build a streetcar line that it says will get up to 287 cars off the road per hour. But the streetcars will take up as much space as more than 1,100 cars, so congestion will get worse.

Rail advocates say rail transit gives people an alternative to congestion. But instead of spending hundreds of millions of dollars relieving congestion for a tiny number of people and making it worse for everyone else, why not do things that will relieve congestion for everyone? Low-cost techniques, such as traffic signal coordination, can benefit auto drivers and transit riders, but these are overlooked by most cities competing for New Starts funds.

The EISs for many of these lines, including Maryland's Purple and Red lines, also predict rail transit will use more energy than all the cars they take off the road. Even when some EISs predict energy savings in rail operations, the savings are usually swamped by the energy costs of construction. The EISs for light-rail lines in Portland, Seattle, and other cities reveal that repaying the energy costs of construction with the annual energy savings would take many decades, which means it will never be repaid because rail systems must be substantially rebuilt, at huge energy cost, about every 30 years.

A study from the University of California at Berkeley found that the lifecycle costs of rail transit are about 2.5 times the operational costs, while the lifecycle costs of highways and autos are only about 1.6 times the operational costs and buses are just 1.4 times operation costs. Except on the West Coast, where much energy comes from hydropower, the energy required to power most rail transit lines emits more greenhouse gases per passenger mile than driving.

Nor are new rail transit lines a significant improvement for transit riders, especially in the many cities that have had to cannibalize their bus systems in order to fund the high costs of rail construction, operations, and maintenance. Despite population growth, transit systems in Atlanta, San Francisco-Oakland, and a number of other urban areas actually carry fewer riders today than they did 30 years ago because the increase in rail riders has been more than matched by a decline in bus riders.

Fare increases and cuts in bus service by the Los Angeles Metropolitan Transportation Authority led to a 17 percent decline in bus ridership between 1985 and 1995 and caused the NAACP to file suit for discrimination as the service cuts affected minority neighborhoods while the rail lines were mainly to white neighborhoods. Under a ten-year consent decree, service was restored and ridership rebounded, but when the ten years expired, the agency began cutting bus service again.

Even where ridership has grown, it has rarely matched the growth in driving. Before Portland started building light rail, transit carried 9.8 percent of the region's commuters to work. As of 2012, after opening five light-rail lines, a commuter-rail line, and a streetcar line, it was only 7.4 percent.

A 2001 census of downtown employers conducted by the Portland Business Alliance found that nearly 40,000 commuters took transit to work downtown. Since then, Portland has opened a streetcar line, three light-rail lines, and a commuter rail line. The group's 2012 census found that the number of downtown workers commuting by transit dropped nearly 20 percent, while the number commuting by car grew.

In 1990, the share of commuters taking transit to work was much higher in Denver and Salt Lake City than in Las Vegas. Since then, Denver and Salt Lake have both opened light rail lines and seen transit's share of commuters drop. Meanwhile, Las Vegas focused on improving bus service and doubled the share of commuters riding transit. Today, transit carries a larger share of commuters in Las Vegas than in Denver or Salt Lake City.

Rail advocates often claim that new rail lines stimulate economic development. The reality is that almost all of the economic development they claim along light-rail and streetcar lines has resulted from tax-increment financing and other subsidies to developers. Experience in many places has shown that almost no new development takes place along a rail line without subsidies to developers. On the other hand, those same subsidies will generate the new development without the rail line. The only thing that can be said is the rail provides cities an excuse to subsidize new development.

Even where construction of heavy-rail lines, such as BART and the Washington Metro, has led to new development, all the rail line might have done is shuffle the development around. As a study commissioned by the Federal Transit Administration found, "Urban rail transit investments rarely 'create' new growth, but more typically redistribute growth that would have taken place without the investment."

Based on this, I recommend that Congress abolish New Starts and put New Starts money into a formula fund that rewards transit agencies for increasing transit ridership and fares. Under this formula, agencies could still use the money for rail transit if they wanted, but if the rail line failed to generate a net increase in fares, they would get less money in the future relative to agencies that increased ridership and fares by improving bus service.